

106TH CONGRESS  
1ST SESSION

# H. R. 1180

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## AN ACT

To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

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To amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a Ticket to Work and Self-Sufficiency Program in the Social Security Administration to provide such individuals with meaningful opportunities to work, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) **SHORT TITLE.**—This Act may be cited as the  
 5       “Ticket to Work and Work Incentives Improvement Act  
 6       of 1999”.

7       (b) **TABLE OF CONTENTS.**—The table of contents is  
 8       as follows:

Sec. 1. Short title; table of contents.

**TITLE I—TICKET TO WORK AND SELF-SUFFICIENCY AND  
RELATED PROVISIONS**

**Subtitle A—Ticket to Work and Self-Sufficiency**

Sec. 101. Establishment of the Ticket to Work and Self-Sufficiency Program.

**Subtitle B—Elimination of Work Disincentives**

Sec. 111. Work activity standard as a basis for review of an individual’s disabled status.

Sec. 112. Expedited reinstatement of disability benefits.

**Subtitle C—Work Incentives Planning, Assistance, and Outreach**

Sec. 121. Work incentives outreach program.

Sec. 122. State grants for work incentives assistance to disabled beneficiaries.

**TITLE II—EXPANDED AVAILABILITY OF HEALTH CARE SERVICES**

Sec. 201. Expanding State options under the medicaid program for workers with disabilities.

Sec. 202. Extending medicare coverage for OASDI disability benefit recipients.

Sec. 203. Grants to develop and establish State infrastructures to support working individuals with disabilities.

Sec. 204. Demonstration of coverage under the medicaid program of workers with potentially severe disabilities.

Sec. 205. Election by disabled beneficiaries to suspend medigap insurance when covered under a group health plan.

**TITLE III—DEMONSTRATION PROJECTS AND STUDIES**

Sec. 301. Extension of disability insurance program demonstration project authority.

Sec. 302. Demonstration projects providing for reductions in disability insurance benefits based on earnings.

Sec. 303. Studies and reports.

## TITLE IV—MISCELLANEOUS AND TECHNICAL AMENDMENTS

- Sec. 401. Technical amendments relating to drug addicts and alcoholics.  
 Sec. 402. Treatment of prisoners.  
 Sec. 403. Revocation by members of the clergy of exemption from social security coverage.  
 Sec. 404. Additional technical amendment relating to cooperative research or demonstration projects under titles II and XVI.  
 Sec. 405. Authorization for State to permit annual wage reports.  
 Sec. 406. Assessment on attorneys who receive their fees via the Social Security Administration.  
 Sec. 407. Prevention of fraud and abuse associated with certain payments under the medicaid program.Extension of authority of State medicaid fraud control units.  
 Sec. 408. Extension of authority of State medicaid fraud control units.  
 Sec. 409. Special allowance adjustment for student loans.

1 **TITLE I—TICKET TO WORK AND**  
 2 **SELF-SUFFICIENCY AND RE-**  
 3 **LATED PROVISIONS**

4 **Subtitle A—Ticket to Work and**  
 5 **Self-Sufficiency**

6 **SEC. 101. ESTABLISHMENT OF THE TICKET TO WORK AND**  
 7 **SELF-SUFFICIENCY PROGRAM.**

8 (a) IN GENERAL.—Part A of title XI of the Social  
 9 Security Act (42 U.S.C. 1301 et seq.) is amended by add-  
 10 ing after section 1147 (as added by section 8 of the Non-  
 11 citizen Benefit Clarification and Other Technical Amend-  
 12 ments Act of 1998 (Public Law 105–306; 112 Stat.  
 13 2928)) the following:

14 “THE TICKET TO WORK AND SELF-SUFFICIENCY  
 15 PROGRAM

16 “SEC. 1148. (a) IN GENERAL.—The Commissioner  
 17 of Social Security shall establish a Ticket to Work and  
 18 Self-Sufficiency Program, under which a disabled bene-

1   ficiary may use a ticket to work and self-sufficiency issued  
2   by the Commissioner in accordance with this section to  
3   obtain employment services, vocational rehabilitation serv-  
4   ices, or other support services from an employment net-  
5   work which is of the beneficiary's choice and which is will-  
6   ing to provide such services to such beneficiary.

7       “(b) TICKET SYSTEM.—

8               “(1) DISTRIBUTION OF TICKETS.—The Com-  
9       missioner of Social Security may issue a ticket to  
10      work and self-sufficiency to disabled beneficiaries for  
11      participation in the Program.

12              “(2) ASSIGNMENT OF TICKETS.—A disabled  
13      beneficiary holding a ticket to work and self-suffi-  
14      ciency may assign the ticket to any employment net-  
15      work of the beneficiary's choice which is serving  
16      under the Program and is willing to accept the as-  
17      signment.

18              “(3) TICKET TERMS.—A ticket issued under  
19      paragraph (1) shall consist of a document which evi-  
20      dences the Commissioner's agreement to pay (as  
21      provided in paragraph (4)) an employment network,  
22      which is serving under the Program and to which  
23      such ticket is assigned by the beneficiary, for such  
24      employment services, vocational rehabilitation serv-

1        ices, and other support services as the employment  
2        network may provide to the beneficiary.

3            “(4) PAYMENTS TO EMPLOYMENT NET-  
4        WORKS.—The Commissioner shall pay an employ-  
5        ment network under the Program in accordance with  
6        the outcome payment system under subsection  
7        (h)(2) or under the outcome-milestone payment sys-  
8        tem under subsection (h)(3) (whichever is elected  
9        pursuant to subsection (h)(1)). An employment net-  
10       work may not request or receive compensation for  
11       such services from the beneficiary.

12       “(c) STATE PARTICIPATION.—

13            “(1) IN GENERAL.—Each State agency admin-  
14        istering or supervising the administration of the  
15        State plan approved under title I of the Rehabilita-  
16        tion Act of 1973 may elect to participate in the Pro-  
17        gram as an employment network with respect to a  
18        disabled beneficiary. If the State agency does elect  
19        to participate in the Program, the State agency also  
20        shall elect to be paid under the outcome payment  
21        system or the outcome-milestone payment system in  
22        accordance with subsection (h)(1). With respect to a  
23        disabled beneficiary that the State agency does not  
24        elect to have participate in the Program, the State  
25        agency shall be paid for services provided to that

beneficiary under the system for payment applicable under section 222(d) and subsections (d) and (e) of section 1615. The Commissioner shall provide for periodic opportunities for exercising such elections.

“(2) EFFECT OF PARTICIPATION BY STATE AGENCY.—

“(A) STATE AGENCIES PARTICIPATING.—

In any case in which a State agency described in paragraph (1) elects under that paragraph to participate in the Program, the employment services, vocational rehabilitation services, and other support services which, upon assignment of tickets to work and self-sufficiency, are provided to disabled beneficiaries by the State agency acting as an employment network shall be governed by plans for vocational rehabilitation services approved under title I of the Rehabilitation Act of 1973.

“(B) STATE AGENCIES ADMINISTERING MATERNAL AND CHILD HEALTH SERVICES PROGRAMS.—Subparagraph (A) shall not apply with respect to any State agency administering a program under title V of this Act.

“(3) AGREEMENTS BETWEEN STATE AGENCIES AND EMPLOYMENT NETWORKS.—State agencies and

1 employment networks shall enter into agreements re-  
2 garding the conditions under which services will be  
3 provided when an individual is referred by an em-  
4 ployment network to a State agency for services.  
5 The Commissioner of Social Security shall establish  
6 by regulations the timeframe within which such  
7 agreements must be entered into and the mecha-  
8 nisms for dispute resolution between State agencies  
9 and employment networks with respect to such  
10 agreements.

11 “(d) RESPONSIBILITIES OF THE COMMISSIONER OF  
12 SOCIAL SECURITY.—

13 “(1) SELECTION AND QUALIFICATIONS OF PRO-  
14 GRAM MANAGERS.—The Commissioner of Social Se-  
15 curity shall enter into agreements with 1 or more or-  
16 ganizations in the private or public sector for service  
17 as a program manager to assist the Commissioner in  
18 administering the Program. Any such program man-  
19 ager shall be selected by means of a competitive bid-  
20 ding process, from among organizations in the pri-  
21 vate or public sector with available expertise and ex-  
22 perience in the field of vocational rehabilitation or  
23 employment services.

24 “(2) TENURE, RENEWAL, AND EARLY TERMI-  
25 NATION.—Each agreement entered into under para-



graph (1) shall provide for early termination upon failure to meet performance standards which shall be specified in the agreement and which shall be weighted to take into account any performance in prior terms. Such performance standards shall include—

“(A) measures for ease of access by beneficiaries to services; and

“(B) measures for determining the extent to which failures in obtaining services for beneficiaries fall within acceptable parameters, as determined by the Commissioner.

“(3) PRECLUSION FROM DIRECT PARTICIPATION IN DELIVERY OF SERVICES IN OWN SERVICE AREA.—Agreements under paragraph (1) shall preclude—

“(A) direct participation by a program manager in the delivery of employment services, vocational rehabilitation services, or other support services to beneficiaries in the service area covered by the program manager’s agreement; and

“(B) the holding by a program manager of a financial interest in an employment network or service provider which provides services in a

1 geographic area covered under the program  
2 manager's agreement.

3 “(4) SELECTION OF EMPLOYMENT NET-  
4 WORKS.—

5 “(A) IN GENERAL.—The Commissioner  
6 shall select and enter into agreements with em-  
7 ployment networks for service under the Pro-  
8 gram. Such employment networks shall be in  
9 addition to State agencies serving as employ-  
10 ment networks pursuant to elections under sub-  
11 section (c).

12 “(B) ALTERNATE PARTICIPANTS.—In any  
13 State where the Program is being implemented,  
14 the Commissioner shall enter into an agreement  
15 with any alternate participant that is operating  
16 under the authority of section 222(d)(2) in the  
17 State as of the date of the enactment of this  
18 section and chooses to serve as an employment  
19 network under the Program.

20 “(5) TERMINATION OF AGREEMENTS WITH EM-  
21 PLOYMENT NETWORKS.—The Commissioner shall  
22 terminate agreements with employment networks for  
23 inadequate performance, as determined by the Com-  
24 missioner.

1           “(6) QUALITY ASSURANCE.—The Commissioner  
2       shall provide for such periodic reviews as are nec-  
3       essary to provide for effective quality assurance in  
4       the provision of services by employment networks.  
5       The Commissioner shall solicit and consider the  
6       views of consumers and the program manager under  
7       which the employment networks serve and shall con-  
8       sult with providers of services to develop perform-  
9       ance measurements. The Commissioner shall ensure  
10      that the results of the periodic reviews are made  
11      available to beneficiaries who are prospective service  
12      recipients as they select employment networks. The  
13      Commissioner shall ensure that the periodic surveys  
14      of beneficiaries receiving services under the Program  
15      are designed to measure customer service satisfac-  
16      tion.

17           “(7) DISPUTE RESOLUTION.—The Commis-  
18      sioner shall provide for a mechanism for resolving  
19      disputes between beneficiaries and employment net-  
20      works, between program managers and employment  
21      networks, and between program managers and pro-  
22      viders of services. The Commissioner shall afford a  
23      party to such a dispute a reasonable opportunity for  
24      a full and fair review of the matter in dispute.

25           “(e) PROGRAM MANAGERS.—

1           “(1) IN GENERAL.—A program manager shall  
2       conduct tasks appropriate to assist the Commis-  
3       sioner in carrying out the Commissioner’s duties in  
4       administering the Program.

5           “(2) RECRUITMENT OF EMPLOYMENT NET-  
6       WORKS.—A program manager shall recruit, and rec-  
7       ommend for selection by the Commissioner, employ-  
8       ment networks for service under the Program. The  
9       program manager shall carry out such recruitment  
10      and provide such recommendations, and shall mon-  
11      itor all employment networks serving in the Program  
12      in the geographic area covered under the program  
13      manager’s agreement, to the extent necessary and  
14      appropriate to ensure that adequate choices of serv-  
15      ices are made available to beneficiaries. Employment  
16      networks may serve under the Program only pursu-  
17      ant to an agreement entered into with the Commis-  
18      sioner under the Program incorporating the applica-  
19      ble provisions of this section and regulations there-  
20      under, and the program manager shall provide and  
21      maintain assurances to the Commissioner that pay-  
22      ment by the Commissioner to employment networks  
23      pursuant to this section is warranted based on com-  
24      pliance by such employment networks with the terms  
25      of such agreement and this section. The program

1 manager shall not impose numerical limits on the  
2 number of employment networks to be recommended  
3 pursuant to this paragraph.

4 “(3) FACILITATION OF ACCESS BY BENE-  
5 FICIARIES TO EMPLOYMENT NETWORKS.—A pro-  
6 gram manager shall facilitate access by beneficiaries  
7 to employment networks. The program manager  
8 shall ensure that each beneficiary is allowed changes  
9 in employment networks without being deemed to  
10 have rejected services under the Program. When  
11 such a change occurs, the program manager shall re-  
12 assign the ticket based on the choice of the bene-  
13 ficiary. Upon the request of the employment net-  
14 work, the program manager shall make a determina-  
15 tion of the allocation of the outcome or milestone-  
16 outcome payments based on the services provided by  
17 each employment network. The program manager  
18 shall establish and maintain lists of employment net-  
19 works available to beneficiaries and shall make such  
20 lists generally available to the public. The program  
21 manager shall ensure that all information provided  
22 to disabled beneficiaries pursuant to this paragraph  
23 is provided in accessible formats.

24 “(4) ENSURING AVAILABILITY OF ADEQUATE  
25 SERVICES.—The program manager shall ensure that

1 employment services, vocational rehabilitation serv-  
2 ices, and other support services are provided to  
3 beneficiaries throughout the geographic area covered  
4 under the program manager's agreement, including  
5 rural areas.

6 “(5) REASONABLE ACCESS TO SERVICES.—The  
7 program manager shall take such measures as are  
8 necessary to ensure that sufficient employment net-  
9 works are available and that each beneficiary receiv-  
10 ing services under the Program has reasonable ac-  
11 cess to employment services, vocational rehabilitation  
12 services, and other support services. Services pro-  
13 vided under the Program may include case manage-  
14 ment, work incentives planning, supported employ-  
15 ment, career planning, career plan development, vo-  
16 cational assessment, job training, placement, follow-  
17 up services, and such other services as may be speci-  
18 fied by the Commissioner under the Program. The  
19 program manager shall ensure that such services are  
20 available in each service area.

21 “(f) EMPLOYMENT NETWORKS.—

22 “(1) QUALIFICATIONS FOR EMPLOYMENT NET-  
23 WORKS.—

24 “(A) IN GENERAL.—Each employment net-  
25 work serving under the Program shall consist of

1 an agency or instrumentality of a State (or a  
2 political subdivision thereof) or a private entity,  
3 that assumes responsibility for the coordination  
4 and delivery of services under the Program to  
5 individuals assigning to the employment net-  
6 work tickets to work and self-sufficiency issued  
7 under subsection (b).

8 “(B) ONE-STOP DELIVERY SYSTEMS.—An  
9 employment network serving under the Pro-  
10 gram may consist of a one-stop delivery system  
11 established under subtitle B of title I of the  
12 Workforce Investment Act of 1998.

13 “(C) COMPLIANCE WITH SELECTION CRI-  
14 TERIA.—No employment network may serve  
15 under the Program unless it meets and main-  
16 tains compliance with both general selection cri-  
17 teria (such as professional and educational  
18 qualifications, where applicable) and specific se-  
19 lection criteria (such as substantial expertise  
20 and experience in providing relevant employ-  
21 ment services and supports).

22 “(D) SINGLE OR ASSOCIATED PROVIDERS  
23 ALLOWED.—An employment network shall con-  
24 sist of either a single provider of such services  
25 or of an association of such providers organized

1 so as to combine their resources into a single  
2 entity. An employment network may meet the  
3 requirements of subsection (e)(4) by providing  
4 services directly, or by entering into agreements  
5 with other individuals or entities providing ap-  
6 propriate employment services, vocational reha-  
7 bilitation services, or other support services.

8 “(2) REQUIREMENTS RELATING TO PROVISION  
9 OF SERVICES.—Each employment network serving  
10 under the Program shall be required under the  
11 terms of its agreement with the Commissioner to—

12 “(A) serve prescribed service areas; and

13 “(B) take such measures as are necessary  
14 to ensure that employment services, vocational  
15 rehabilitation services, and other support serv-  
16 ices provided under the Program by, or under  
17 agreements entered into with, the employment  
18 network are provided under appropriate indi-  
19 vidual work plans meeting the requirements of  
20 subsection (g).

21 “(3) ANNUAL FINANCIAL REPORTING.—Each  
22 employment network shall meet financial reporting  
23 requirements as prescribed by the Commissioner.

24 “(4) PERIODIC OUTCOMES REPORTING.—Each  
25 employment network shall prepare periodic reports,



1 on at least an annual basis, itemizing for the covered  
2 period specific outcomes achieved with respect to  
3 specific services provided by the employment net-  
4 work. Such reports shall conform to a national  
5 model prescribed under this section. Each employ-  
6 ment network shall provide a copy of the latest re-  
7 port issued by the employment network pursuant to  
8 this paragraph to each beneficiary upon enrollment  
9 under the Program for services to be received  
10 through such employment network. Upon issuance of  
11 each report to each beneficiary, a copy of the report  
12 shall be maintained in the files of the employment  
13 network. The program manager shall ensure that  
14 copies of all such reports issued under this para-  
15 graph are made available to the public under reason-  
16 able terms.

17 “(g) INDIVIDUAL WORK PLANS.—

18 “(1) REQUIREMENTS.—Each employment net-  
19 work shall—

20 “(A) take such measures as are necessary  
21 to ensure that employment services, vocational  
22 rehabilitation services, and other support serv-  
23 ices provided under the Program by, or under  
24 agreements entered into with, the employment  
25 network are provided under appropriate indi-

vidual work plans that meet the requirements of  
subparagraph (C);

“(B) develop and implement each such individual work plan, in partnership with each beneficiary receiving such services, in a manner that affords such beneficiary the opportunity to exercise informed choice in selecting an employment goal and specific services needed to achieve that employment goal;

“(C) ensure that each individual work plan includes at least—

“(i) a statement of the vocational goal developed with the beneficiary, including, as appropriate, goals for earnings and job advancement;

“(ii) a statement of the services and supports that have been deemed necessary for the beneficiary to accomplish that goal;

“(iii) a statement of any terms and conditions related to the provision of such services and supports; and

“(iv) a statement of understanding regarding the beneficiary’s rights under the Program (such as the right to retrieve the ticket to work and self-sufficiency if the

1 beneficiary is dissatisfied with the services  
2 being provided by the employment net-  
3 work) and remedies available to the indi-  
4 vidual, including information on the avail-  
5 ability of advocacy services and assistance  
6 in resolving disputes through the State  
7 grant program authorized under section  
8 1150;

9 “(D) provide a beneficiary the opportunity  
10 to amend the individual work plan if a change  
11 in circumstances necessitates a change in the  
12 plan; and

13 “(E) make each beneficiary’s individual  
14 work plan available to the beneficiary in, as ap-  
15 propriate, an accessible format chosen by the  
16 beneficiary.

17 “(2) EFFECTIVE UPON WRITTEN APPROVAL.—  
18 A beneficiary’s individual work plan shall take effect  
19 upon written approval by the beneficiary or a rep-  
20 resentative of the beneficiary and a representative of  
21 the employment network that, in providing such  
22 written approval, acknowledges assignment of the  
23 beneficiary’s ticket to work and self-sufficiency.

24 “(h) EMPLOYMENT NETWORK PAYMENT SYSTEMS.—

1           “(1) ELECTION OF PAYMENT SYSTEM BY EM-  
2       PLOYMENT NETWORKS.—

3           “(A) IN GENERAL.—The Program shall  
4       provide for payment authorized by the Commis-  
5       sioner to employment networks under either an  
6       outcome payment system or an outcome-mile-  
7       stone payment system. Each employment net-  
8       work shall elect which payment system will be  
9       utilized by the employment network, and, for  
10      such period of time as such election remains in  
11      effect, the payment system so elected shall be  
12      utilized exclusively in connection with such em-  
13      ployment network (except as provided in sub-  
14      paragraph (B)).

15          “(B) NO CHANGE IN METHOD OF PAY-  
16      MENT FOR BENEFICIARIES WITH TICKETS AL-  
17      READY ASSIGNED TO THE EMPLOYMENT NET-  
18      WORKS.—Any election of a payment system by  
19      an employment network that would result in a  
20      change in the method of payment to the em-  
21      ployment network for services provided to a  
22      beneficiary who is receiving services from the  
23      employment network at the time of the election  
24      shall not be effective with respect to payment  
25      for services provided to that beneficiary and the

1 method of payment previously selected shall  
2 continue to apply with respect to such services.

3 “(2) OUTCOME PAYMENT SYSTEM.—

4 “(A) IN GENERAL.—The outcome payment  
5 system shall consist of a payment structure gov-  
6 erning employment networks electing such sys-  
7 tem under paragraph (1)(A) which meets the  
8 requirements of this paragraph.

9 “(B) PAYMENTS MADE DURING OUTCOME  
10 PAYMENT PERIOD.—The outcome payment sys-  
11 tem shall provide for a schedule of payments to  
12 an employment network, in connection with  
13 each individual who is a beneficiary, for each  
14 month, during the individual’s outcome pay-  
15 ment period, for which benefits (described in  
16 paragraphs (3) and (4) of subsection (k)) are  
17 not payable to such individual because of work  
18 or earnings.

19 “(C) COMPUTATION OF PAYMENTS TO EM-  
20 PLOYMENT NETWORK.—The payment schedule  
21 of the outcome payment system shall be de-  
22 signed so that—

23 “(i) the payment for each month dur-  
24 ing the outcome payment period for which  
25 benefits (described in paragraphs (3) and

1 (4) of subsection (k)) are not payable is  
2 equal to a fixed percentage of the payment  
3 calculation base for the calendar year in  
4 which such month occurs; and

5 “(ii) such fixed percentage is set at a  
6 percentage which does not exceed 40 per-  
7 cent.

8 “(3) OUTCOME-MILESTONE PAYMENT SYS-  
9 TEM.—

10 “(A) IN GENERAL.—The outcome-mile-  
11 stone payment system shall consist of a pay-  
12 ment structure governing employment networks  
13 electing such system under paragraph (1)(A)  
14 which meets the requirements of this para-  
15 graph.

16 “(B) EARLY PAYMENTS UPON ATTAIN-  
17 MENT OF MILESTONES IN ADVANCE OF OUT-  
18 COME PAYMENT PERIODS.—The outcome-mile-  
19 stone payment system shall provide for 1 or  
20 more milestones, with respect to beneficiaries  
21 receiving services from an employment network  
22 under the Program, that are directed toward  
23 the goal of permanent employment. Such mile-  
24 stones shall form a part of a payment structure  
25 that provides, in addition to payments made

1 during outcome payment periods, payments  
2 made prior to outcome payment periods in  
3 amounts based on the attainment of such mile-  
4 stones.

5 “(C) LIMITATION ON TOTAL PAYMENTS TO  
6 EMPLOYMENT NETWORK.—The payment sched-  
7 ule of the outcome milestone payment system  
8 shall be designed so that the total of the pay-  
9 ments to the employment network with respect  
10 to each beneficiary is less than, on a net  
11 present value basis (using an interest rate de-  
12 termined by the Commissioner that appro-  
13 priately reflects the cost of funds faced by pro-  
14 viders), the total amount to which payments to  
15 the employment network with respect to the  
16 beneficiary would be limited if the employment  
17 network were paid under the outcome payment  
18 system.

19 “(4) DEFINITIONS.—In this subsection:

20 “(A) PAYMENT CALCULATION BASE.—The  
21 term ‘payment calculation base’ means, for any  
22 calendar year—

23 “(i) in connection with a title II dis-  
24 ability beneficiary, the average disability  
25 insurance benefit payable under section

1           223 for all beneficiaries for months during  
2           the preceding calendar year; and

3           “(ii) in connection with a title XVI  
4           disability beneficiary (who is not concu-  
5           rently a title II disability beneficiary), the  
6           average payment of supplemental security  
7           income benefits based on disability payable  
8           under title XVI (excluding State sup-  
9           plementation) for months during the pre-  
10          ceding calendar year to all beneficiaries  
11          who have attained 18 years of age but  
12          have not attained 65 years of age.

13          “(B) OUTCOME PAYMENT PERIOD.—The  
14          term ‘outcome payment period’ means, in con-  
15          nection with any individual who had assigned a  
16          ticket to work and self-sufficiency to an employ-  
17          ment network under the Program, a period—

18               “(i) beginning with the first month,  
19               ending after the date on which such ticket  
20               was assigned to the employment network,  
21               for which benefits (described in paragraphs  
22               (3) and (4) of subsection (k)) are not pay-  
23               able to such individual by reason of en-  
24               gagement in substantial gainful activity or



1 by reason of earnings from work activity;  
2 and

3 “(ii) ending with the 60th month  
4 (consecutive or otherwise), ending after  
5 such date, for which such benefits are not  
6 payable to such individual by reason of en-  
7 gagement in substantial gainful activity or  
8 by reason of earnings from work activity.

9 “(5) PERIODIC REVIEW AND ALTERATIONS OF  
10 PRESCRIBED SCHEDULES.—

11 “(A) PERCENTAGES AND PERIODS.—The  
12 Commissioner shall periodically review the per-  
13 centage specified in paragraph (2)(C), the total  
14 payments permissible under paragraph (3)(C),  
15 and the period of time specified in paragraph  
16 (4)(B) to determine whether such percentages,  
17 such permissible payments, and such period  
18 provide an adequate incentive for employment  
19 networks to assist beneficiaries to enter the  
20 workforce, while providing for appropriate  
21 economies. The Commissioner may alter such  
22 percentage, such total permissible payments, or  
23 such period of time to the extent that the Com-  
24 missioner determines, on the basis of the Com-  
25 missioner’s review under this paragraph, that

1       such an alteration would better provide the in-  
2       centive and economies described in the pre-  
3       ceding sentence.

4       “(B) NUMBER AND AMOUNT OF MILE-  
5       STONE PAYMENTS.—The Commissioner shall  
6       periodically review the number and amounts of  
7       milestone payments established by the Commis-  
8       sioner pursuant to this section to determine  
9       whether they provide an adequate incentive for  
10      employment networks to assist beneficiaries to  
11      enter the workforce, taking into account infor-  
12      mation provided to the Commissioner by pro-  
13      gram managers, the Ticket to Work and Work  
14      Incentives Advisory Panel established by section  
15      101(f) of the Ticket to Work and Work Incen-  
16      tives Improvement Act of 1999, and other reli-  
17      able sources. The Commissioner may from time  
18      to time alter the number and amounts of mile-  
19      stone payments initially established by the  
20      Commissioner pursuant to this section to the  
21      extent that the Commissioner determines that  
22      such an alteration would allow an adequate in-  
23      centive for employment networks to assist bene-  
24      ficiaries to enter the workforce. Such alteration  
25      shall be based on information provided to the

1 Commissioner by program managers, the Ticket  
2 to Work and Work Incentives Advisory Panel  
3 established by section 101(f) of the Ticket to  
4 Work and Work Incentives Improvement Act of  
5 1999, or other reliable sources.

6 “(C) REPORT ON THE ADEQUACY OF IN-  
7 CENTIVES.—The Commissioner shall submit to  
8 Congress not later than 36 months after the  
9 date of the enactment of the Ticket to Work  
10 and Work Incentives Improvement Act of 1999  
11 a report with recommendations for a method or  
12 methods to adjust payment rates under sub-  
13 paragraphs (A) and (B), that would ensure ade-  
14 quate incentives for the provision of services by  
15 employment networks of—

16 “(i) individuals with a need for ongoing  
17 support and services;

18 “(ii) individuals with a need for high-  
19 cost accommodations;

20 “(iii) individuals who earn a submin-  
21 imum wage; and

22 “(iv) individuals who work and receive  
23 partial cash benefits.

24 The Commissioner shall consult with the Ticket  
25 to Work and Work Incentives Advisory Panel

1 established under section 101(f) of the Ticket  
2 to Work and Work Incentives Improvement Act  
3 of 1999 during the development and evaluation  
4 of the study. The Commissioner shall imple-  
5 ment the necessary adjusted payment rates  
6 prior to full implementation of the Ticket to  
7 Work and Self-Sufficiency Program.

8 “(i) SUSPENSION OF DISABILITY REVIEWS.—During  
9 any period for which an individual is using, as defined by  
10 the Commissioner, a ticket to work and self-sufficiency  
11 issued under this section, the Commissioner (and any ap-  
12 plicable State agency) may not initiate a continuing dis-  
13 ability review or other review under section 221 of whether  
14 the individual is or is not under a disability or a review  
15 under title XVI similar to any such review under section  
16 221.

17 “(j) AUTHORIZATIONS.—

18 “(1) PAYMENTS TO EMPLOYMENT NET-  
19 WORKS.—

20 “(A) TITLE II DISABILITY BENE-  
21 FICIARIES.—There are authorized to be trans-  
22 ferred from the Federal Old-Age and Survivors  
23 Insurance Trust Fund and the Federal Dis-  
24 ability Insurance Trust Fund each fiscal year  
25 such sums as may be necessary to make pay-

1           ments to employment networks under this sec-  
2           tion. Money paid from the Trust Funds under  
3           this section with respect to title II disability  
4           beneficiaries who are entitled to benefits under  
5           section 223 or who are entitled to benefits  
6           under section 202(d) on the basis of the wages  
7           and self-employment income of such bene-  
8           ficiaries, shall be charged to the Federal Dis-  
9           ability Insurance Trust Fund, and all other  
10          money paid from the Trust Funds under this  
11          section shall be charged to the Federal Old-Age  
12          and Survivors Insurance Trust Fund.

13               “(B)   TITLE   XVI   DISABILITY   BENE-  
14               FICIARIES.—Amounts authorized to be appro-  
15               priated to the Social Security Administration  
16               under section 1601 (as in effect pursuant to the  
17               amendments made by section 301 of the Social  
18               Security Amendments of 1972) shall include  
19               amounts necessary to carry out the provisions  
20               of this section with respect to title XVI dis-  
21               ability beneficiaries.

22               “(2)   ADMINISTRATIVE   EXPENSES.—The costs  
23               of administering this section (other than payments  
24               to employment networks) shall be paid from  
25               amounts made available for the administration of

1 title II and amounts made available for the adminis-  
2 tration of title XVI, and shall be allocated among  
3 such amounts as appropriate.

4 “(k) DEFINITIONS.—In this section:

5 “(1) COMMISSIONER.—The term ‘Commis-  
6 sioner’ means the Commissioner of Social Security.

7 “(2) DISABLED BENEFICIARY.—The term ‘dis-  
8 abled beneficiary’ means a title II disability bene-  
9 ficiary or a title XVI disability beneficiary.

10 “(3) TITLE II DISABILITY BENEFICIARY.—The  
11 term ‘title II disability beneficiary’ means an indi-  
12 vidual entitled to disability insurance benefits under  
13 section 223 or to monthly insurance benefits under  
14 section 202 based on such individual’s disability (as  
15 defined in section 223(d)). An individual is a title II  
16 disability beneficiary for each month for which such  
17 individual is entitled to such benefits.

18 “(4) TITLE XVI DISABILITY BENEFICIARY.—  
19 The term ‘title XVI disability beneficiary’ means an  
20 individual eligible for supplemental security income  
21 benefits under title XVI on the basis of blindness  
22 (within the meaning of section 1614(a)(2)) or dis-  
23 ability (within the meaning of section 1614(a)(3)).  
24 An individual is a title XVI disability beneficiary for

1 each month for which such individual is eligible for  
 2 such benefits.

3 “(5) SUPPLEMENTAL SECURITY INCOME BEN-  
 4 EFIT.—The term ‘supplemental security income ben-  
 5 efit under title XVI’ means a cash benefit under sec-  
 6 tion 1611 or 1619(a), and does not include a State  
 7 supplementary payment, administered federally or  
 8 otherwise.

9 “(l) REGULATIONS.—Not later than 1 year after the  
 10 date of the enactment of the Ticket to Work and Work  
 11 Incentives Improvement Act of 1999, the Commissioner  
 12 shall prescribe such regulations as are necessary to carry  
 13 out the provisions of this section.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) AMENDMENTS TO TITLE II.—

16 (A) Section 221(i) of the Social Security  
 17 Act (42 U.S.C. 421(i)) is amended by adding at  
 18 the end the following:

19 “(5) For suspension of reviews under this subsection  
 20 in the case of an individual using a ticket to work and  
 21 self-sufficiency, see section 1148(i).”.

22 (B) Section 222(a) of such Act (42 U.S.C.  
 23 422(a)) is repealed.

24 (C) Section 222(b) of such Act (42 U.S.C.  
 25 422(b)) is repealed.

1 (D) Section 225(b)(1) of such Act (42  
 2 U.S.C. 425(b)(1)) is amended by striking “a  
 3 program of vocational rehabilitation services”  
 4 and inserting “a program consisting of the  
 5 Ticket to Work and Self-Sufficiency Program  
 6 under section 1148 or another program of voca-  
 7 tional rehabilitation services, employment serv-  
 8 ices, or other support services”.

9 (2) AMENDMENTS TO TITLE XVI.—

10 (A) Section 1615(a) of such Act (42  
 11 U.S.C. 1382d(a)) is amended to read as follows:

12 “SEC. 1615. (a) In the case of any blind or disabled  
 13 individual who—

14 “(1) has not attained age 16; and

15 “(2) with respect to whom benefits are paid  
 16 under this title,

17 the Commissioner of Social Security shall make provision  
 18 for referral of such individual to the appropriate State  
 19 agency administering the State program under title V.”.

20 (B) Section 1615(c) of such Act (42  
 21 U.S.C. 1382d(c)) is repealed.

22 (C) Section 1631(a)(6)(A) of such Act (42  
 23 U.S.C. 1383(a)(6)(A)) is amended by striking  
 24 “a program of vocational rehabilitation serv-  
 25 ices” and inserting “a program consisting of



1           the Ticket to Work and Self-Sufficiency Pro-  
2           gram under section 1148 or another program of  
3           vocational rehabilitation services, employment  
4           services, or other support services”.

5           (D) Section 1633(c) of such Act (42  
6           U.S.C. 1383b(c)) is amended—

7                   (i) by inserting “(1)” after “(c)”; and

8                   (ii) by adding at the end the fol-  
9           lowing:

10          “(2) For suspension of continuing disability reviews  
11          and other reviews under this title similar to reviews under  
12          section 221 in the case of an individual using a ticket to  
13          work and self-sufficiency, see section 1148(i).”.

14          (c) EFFECTIVE DATE.—Subject to subsection (d),  
15          the amendments made by subsections (a) and (b) shall  
16          take effect with the first month following 1 year after the  
17          date of the enactment of this Act.

18          (d) GRADUATED IMPLEMENTATION OF PROGRAM.—

19                  (1) IN GENERAL.—Not later than 1 year after  
20          the date of the enactment of this Act, the Commis-  
21          sioner of Social Security shall commence implemen-  
22          tation of the amendments made by this section  
23          (other than paragraphs (1)(C) and (2)(B) of sub-  
24          section (b)) in graduated phases at phase-in sites se-  
25          lected by the Commissioner. Such phase-in sites

1 shall be selected so as to ensure, prior to full imple-  
2 mentation of the Ticket to Work and Self-Suffi-  
3 ciency Program, the development and refinement of  
4 referral processes, payment systems, computer link-  
5 ages, management information systems, and admin-  
6 istrative processes necessary to provide for full im-  
7 plementation of such amendments. Subsection (c)  
8 shall apply with respect to paragraphs (1)(C) and  
9 (2)(B) of subsection (b) without regard to this sub-  
10 section.

11 (2) REQUIREMENTS.—Implementation of the  
12 Program at each phase-in site shall be carried out  
13 on a wide enough scale to permit a thorough evalua-  
14 tion of the alternative methods under consideration,  
15 so as to ensure that the most efficacious methods  
16 are determined and in place for full implementation  
17 of the Program on a timely basis.

18 (3) FULL IMPLEMENTATION.—The Commis-  
19 sioner shall ensure that ability to provide tickets and  
20 services to individuals under the Program exists in  
21 every State as soon as practicable on or after the ef-  
22 fective date specified in subsection (c) but not later  
23 than 3 years after such date.

24 (4) ONGOING EVALUATION OF PROGRAM.—

1           (A) IN GENERAL.—The Commissioner  
2           shall design and conduct a series of evaluations  
3           to assess the cost-effectiveness of activities car-  
4           ried out under this section and the amendments  
5           made thereby, as well as the effects of this sec-  
6           tion and the amendments made thereby on  
7           work outcomes for beneficiaries receiving tickets  
8           to work and self-sufficiency under the Program.

9           (B) CONSULTATION.—The Commissioner  
10          shall design and carry out the series of evalua-  
11          tions after receiving relevant advice from ex-  
12          perts in the fields of disability, vocational reha-  
13          bilitation, and program evaluation and individ-  
14          uals using tickets to work and self-sufficiency  
15          under the Program and consulting with the  
16          Ticket to Work and Work Incentives Advisory  
17          Panel established under section 101(f), the  
18          Comptroller General of the United States, other  
19          agencies of the Federal Government, and pri-  
20          vate organizations with appropriate expertise.

21          (C) METHODOLOGY.—

22               (i) IMPLEMENTATION.—The Commis-  
23               sioner, in consultation with the Ticket to  
24               Work and Work Incentives Advisory Panel  
25               established under section 101(f), shall en-

1           sure that plans for evaluations and data  
2           collection methods under the Program are  
3           appropriately designed to obtain detailed  
4           employment information.

5           (ii) SPECIFIC MATTERS TO BE AD-  
6           DRESSED.—Each such evaluation shall ad-  
7           dress (but is not limited to)—

8                   (I) the annual cost (including net  
9                   cost) of the Program and the annual  
10                  cost (including net cost) that would  
11                  have been incurred in the absence of  
12                  the Program;

13                  (II) the determinants of return to  
14                  work, including the characteristics of  
15                  beneficiaries in receipt of tickets  
16                  under the Program;

17                  (III) the types of employment  
18                  services, vocational rehabilitation serv-  
19                  ices, and other support services fur-  
20                  nished to beneficiaries in receipt of  
21                  tickets under the Program who return  
22                  to work and to those who do not re-  
23                  turn to work;

24                  (IV) the duration of employment  
25                  services, vocational rehabilitation serv-

1           ices, and other support services fur-  
2           nished to beneficiaries in receipt of  
3           tickets under the Program who return  
4           to work and the duration of such serv-  
5           ices furnished to those who do not re-  
6           turn to work and the cost to employ-  
7           ment networks of furnishing such  
8           services;

9                   (V) the employment outcomes,  
10           including wages, occupations, benefits,  
11           and hours worked, of beneficiaries  
12           who return to work after receiving  
13           tickets under the Program and those  
14           who return to work without receiving  
15           such tickets;

16                   (VI) the characteristics of indi-  
17           viduals in possession of tickets under  
18           the Program who are not accepted for  
19           services and, to the extent reasonably  
20           determinable, the reasons for which  
21           such beneficiaries were not accepted  
22           for services;

23                   (VII) the characteristics of pro-  
24           viders whose services are provided

1 within an employment network under  
2 the Program;

3 (VIII) the extent (if any) to  
4 which employment networks display a  
5 greater willingness to provide services  
6 to beneficiaries with a range of dis-  
7 abilities;

8 (IX) the characteristics (includ-  
9 ing employment outcomes) of those  
10 beneficiaries who receive services  
11 under the outcome payment system  
12 and of those beneficiaries who receive  
13 services under the outcome-milestone  
14 payment system;

15 (X) measures of satisfaction  
16 among beneficiaries in receipt of tick-  
17 ets under the Program; and

18 (XI) reasons for (including com-  
19 ments solicited from beneficiaries re-  
20 garding) their choice not to use their  
21 tickets or their inability to return to  
22 work despite the use of their tickets.

23 (D) PERIODIC EVALUATION REPORTS.—

24 Following the close of the third and fifth fiscal  
25 years ending after the effective date under sub-

1 section (c), and prior to the close of the seventh  
2 fiscal year ending after such date, the Commis-  
3 sioner shall transmit to the Committee on Ways  
4 and Means of the House of Representatives and  
5 the Committee on Finance of the Senate a re-  
6 port containing the Commissioner's evaluation  
7 of the progress of activities conducted under the  
8 provisions of this section and the amendments  
9 made thereby. Each such report shall set forth  
10 the Commissioner's evaluation of the extent to  
11 which the Program has been successful and the  
12 Commissioner's conclusions on whether or how  
13 the Program should be modified. Each such re-  
14 port shall include such data, findings, materials,  
15 and recommendations as the Commissioner may  
16 consider appropriate.

17 (5) EXTENT OF STATE'S RIGHT OF FIRST RE-  
18 FUSAL IN ADVANCE OF FULL IMPLEMENTATION OF  
19 AMENDMENTS IN SUCH STATE.—

20 (A) IN GENERAL.—In the case of any  
21 State in which the amendments made by sub-  
22 section (a) have not been fully implemented  
23 pursuant to this subsection, the Commissioner  
24 shall determine by regulation the extent to  
25 which—

1 (i) the requirement under section  
2 222(a) for prompt referrals to a State  
3 agency; and

4 (ii) the authority of the Commissioner  
5 under section 222(d)(2) of the Social Secu-  
6 rity Act to provide vocational rehabilitation  
7 services in such State by agreement or  
8 contract with other public or private agen-  
9 cies, organizations, institutions, or individ-  
10 uals,

11 shall apply in such State.

12 (B) EXISTING AGREEMENTS.—Nothing in  
13 subparagraph (A) or the amendments made by  
14 subsection (a) shall be construed to limit, im-  
15 pede, or otherwise affect any agreement entered  
16 into pursuant to section 222(d)(2) of the Social  
17 Security Act before the date of the enactment  
18 of this Act with respect to services provided  
19 pursuant to such agreement to beneficiaries re-  
20 ceiving services under such agreement as of  
21 such date, except with respect to services (if  
22 any) to be provided after 3 years after the ef-  
23 fective date provided in subsection (c).

24 (e) SPECIFIC REGULATIONS REQUIRED.—



1           (1) IN GENERAL.—The Commissioner of Social  
2       Security shall prescribe such regulations as are nec-  
3       essary to implement the amendments made by this  
4       section.

5           (2) SPECIFIC MATTERS TO BE INCLUDED IN  
6       REGULATIONS.—The matters which shall be ad-  
7       dressed in such regulations shall include—

8           (A) the form and manner in which tickets  
9       to work and self-sufficiency may be distributed  
10      to beneficiaries pursuant to section 1148(b)(1)  
11      of the Social Security Act;

12          (B) the format and wording of such tick-  
13      ets, which shall incorporate by reference any  
14      contractual terms governing service by employ-  
15      ment networks under the Program;

16          (C) the form and manner in which State  
17      agencies may elect participation in the Ticket to  
18      Work and Self-Sufficiency Program pursuant to  
19      section 1148(c)(1) of such Act and provision for  
20      periodic opportunities for exercising such elec-  
21      tions;

22          (D) the status of State agencies under sec-  
23      tion 1148(c)(1) of such Act at the time that  
24      State agencies exercise elections under that sec-  
25      tion;

1 (E) the terms of agreements to be entered  
2 into with program managers pursuant to sec-  
3 tion 1148(d) of such Act, including—

4 (i) the terms by which program man-  
5 agers are precluded from direct participa-  
6 tion in the delivery of services pursuant to  
7 section 1148(d)(3) of such Act;

8 (ii) standards which must be met by  
9 quality assurance measures referred to in  
10 paragraph (6) of section 1148(d) of such  
11 Act and methods of recruitment of employ-  
12 ment networks utilized pursuant to para-  
13 graph (2) of section 1148(e) of such Act;  
14 and

15 (iii) the format under which dispute  
16 resolution will operate under section  
17 1148(d)(7) of such Act;

18 (F) the terms of agreements to be entered  
19 into with employment networks pursuant to sec-  
20 tion 1148(d)(4) of such Act, including—

21 (i) the manner in which service areas  
22 are specified pursuant to section  
23 1148(f)(2)(A) of such Act;

24 (ii) the general selection criteria and  
25 the specific selection criteria which are ap-

1 plicable to employment networks under  
2 section 1148(f)(1)(C) of such Act in select-  
3 ing service providers;

4 (iii) specific requirements relating to  
5 annual financial reporting by employment  
6 networks pursuant to section 1148(f)(3) of  
7 such Act; and

8 (iv) the national model to which peri-  
9 odic outcomes reporting by employment  
10 networks must conform under section  
11 1148(f)(4) of such Act;

12 (G) standards which must be met by indi-  
13 vidual work plans pursuant to section 1148(g)  
14 of such Act;

15 (H) standards which must be met by pay-  
16 ment systems required under section 1148(h) of  
17 such Act, including—

18 (i) the form and manner in which  
19 elections by employment networks of pay-  
20 ment systems are to be exercised pursuant  
21 to section 1148(h)(1)(A) of such Act;

22 (ii) the terms which must be met by  
23 an outcome payment system under section  
24 1148(h)(2) of such Act;

1 (iii) the terms which must be met by  
2 an outcome-milestone payment system  
3 under section 1148(h)(3) of such Act;

4 (iv) any revision of the percentage  
5 specified in paragraph (2)(C) of section  
6 1148(h) of such Act or the period of time  
7 specified in paragraph (4)(B) of such sec-  
8 tion 1148(h) of such Act; and

9 (v) annual oversight procedures for  
10 such systems; and

11 (I) procedures for effective oversight of the  
12 Program by the Commissioner of Social Secu-  
13 rity, including periodic reviews and reporting  
14 requirements.

15 (f) THE TICKET TO WORK AND WORK INCENTIVES  
16 ADVISORY PANEL.—

17 (1) ESTABLISHMENT.—There is established  
18 within the Social Security Administration a panel to  
19 be known as the “Ticket to Work and Work Incen-  
20 tives Advisory Panel” (in this subsection referred to  
21 as the “Panel”).

22 (2) DUTIES OF PANEL.—It shall be the duty of  
23 the Panel to—

24 (A) advise the President, the Congress,  
25 and the Commissioner of Social Security on

1 issues related to work incentives programs,  
2 planning, and assistance for individuals with  
3 disabilities, including work incentive provisions  
4 under titles II, XI, XVI, XVIII, and XIX of the  
5 Social Security Act (42 U.S.C. 401 et seq.,  
6 1301 et seq., 1381 et seq., 1395 et seq., 1396  
7 et seq.); and

8 (B) with respect to the Ticket to Work and  
9 Self-Sufficiency Program established under sec-  
10 tion 1148 of such Act—

11 (i) advise the Commissioner of Social  
12 Security with respect to establishing phase-  
13 in sites for such Program and fully imple-  
14 menting the Program thereafter, the re-  
15 finement of access of disabled beneficiaries  
16 to employment networks, payment systems,  
17 and management information systems, and  
18 advise the Commissioner whether such  
19 measures are being taken to the extent  
20 necessary to ensure the success of the Pro-  
21 gram;

22 (ii) advise the Commissioner regard-  
23 ing the most effective designs for research  
24 and demonstration projects associated with

1 the Program or conducted pursuant to sec-  
2 tion 302 of this Act;

3 (iii) advise the Commissioner on the  
4 development of performance measurements  
5 relating to quality assurance under section  
6 1148(d)(6) of the Social Security Act; and

7 (iv) furnish progress reports on the  
8 Program to the Commissioner and each  
9 House of Congress.

10 (3) MEMBERSHIP.—

11 (A) NUMBER AND APPOINTMENT.—The  
12 Panel shall be composed of 12 members as fol-  
13 lows:

14 (i) 4 members appointed by the Presi-  
15 dent, not more than 2 of whom may be of  
16 the same political party;

17 (ii) 2 members appointed by the  
18 Speaker of the House of Representatives,  
19 in consultation with the Chairman of the  
20 Committee on Ways and Means of the  
21 House of Representatives;

22 (iii) 2 members appointed by the mi-  
23 nority leader of the House of Representa-  
24 tives, in consultation with the ranking

1 member of the Committee on Ways and  
2 Means of the House of Representatives;

3 (iv) 2 members appointed by the ma-  
4 jority leader of the Senate, in consultation  
5 with the Chairman of the Committee on  
6 Finance of the Senate; and

7 (v) 2 members appointed by the mi-  
8 nority leader of the Senate, in consultation  
9 with the ranking member of the Committee  
10 on Finance of the Senate.

11 (B) REPRESENTATION.—Of the members  
12 appointed under subparagraph (A), at least 8  
13 shall have experience or expert knowledge as a  
14 recipient, provider, employer, or employee in the  
15 fields of, or related to, employment services, vo-  
16 cational rehabilitation services, and other sup-  
17 port services, of whom—

18 (i) at least 2 shall represent the inter-  
19 ests of recipients of employment services,  
20 vocational rehabilitation services, and other  
21 support services;

22 (ii) at least 2 shall represent the in-  
23 terests of providers of employment serv-  
24 ices, vocational rehabilitation services, and  
25 other support services;

1 (iii) at least 2 shall represent the in-  
2 terests of private employers; and

3 (iv) at least 2 shall represent the in-  
4 terests of employees.

5 At least  $\frac{1}{2}$  of the members described in each  
6 clause of subparagraph (A) shall be individuals  
7 with disabilities, or representatives of individ-  
8 uals with disabilities, with consideration to cur-  
9 rent or former title II disability beneficiaries or  
10 title XVI disability beneficiaries (as such terms  
11 are defined in section 1148(k) of the Social Se-  
12 curity Act (as added by subsection (a))).

13 (C) TERMS.—

14 (i) IN GENERAL.—Each member shall  
15 be appointed for a term of 4 years (or, if  
16 less, for the remaining life of the Panel),  
17 except as provided in clauses (ii) and (iii).  
18 The initial members shall be appointed not  
19 later than 90 days after the date of the en-  
20 actment of this Act.

21 (ii) TERMS OF INITIAL AP-  
22 POINTEES.—As designated by the Presi-  
23 dent at the time of appointment, of the  
24 members first appointed—



1 (I) 1/2 of the members appointed  
2 under subparagraph (A) shall be ap-  
3 pointed for a term of 2 years; and

4 (II) the remaining members ap-  
5 pointed under subparagraph (A) shall  
6 be appointed for a term of 4 years.

7 (iii) VACANCIES.—Any member ap-  
8 pointed to fill a vacancy occurring before  
9 the expiration of the term for which the  
10 member's predecessor was appointed shall  
11 be appointed only for the remainder of that  
12 term. A member may serve after the expi-  
13 ration of that member's term until a suc-  
14 cesssor has taken office. A vacancy in the  
15 Panel shall be filled in the manner in  
16 which the original appointment was made.

17 (D) BASIC PAY.—Members shall each be  
18 paid at a rate, and in a manner, that is con-  
19 sistent with guidelines established under section  
20 7 of the Federal Advisory Committee Act (5  
21 U.S.C. App.).

22 (E) TRAVEL EXPENSES.—Each member  
23 shall receive travel expenses, including per diem  
24 in lieu of subsistence, in accordance with sec-

1           tions 5702 and 5703 of title 5, United States  
2           Code.

3           (F) QUORUM.—8 members of the Panel  
4           shall constitute a quorum but a lesser number  
5           may hold hearings.

6           (G) CHAIRPERSON.—The Chairperson of  
7           the Panel shall be designated by the President.  
8           The term of office of the Chairperson shall be  
9           4 years.

10          (H) MEETINGS.—The Panel shall meet at  
11          least quarterly and at other times at the call of  
12          the Chairperson or a majority of its members.

13          (4) DIRECTOR AND STAFF OF PANEL; EXPERTS  
14          AND CONSULTANTS.—

15          (A) DIRECTOR.—The Panel shall have a  
16          Director who shall be appointed by the Panel,  
17          and paid at a rate, and in a manner, that is  
18          consistent with guidelines established under sec-  
19          tion 7 of the Federal Advisory Committee Act  
20          (5 U.S.C. App.).

21          (B) STAFF.—Subject to rules prescribed  
22          by the Commissioner of Social Security, the Di-  
23          rector may appoint and fix the pay of additional  
24          personnel as the Director considers appropriate.

1           (C) EXPERTS AND CONSULTANTS.—Sub-  
2           ject to rules prescribed by the Commissioner of  
3           Social Security, the Director may procure tem-  
4           porary and intermittent services under section  
5           3109(b) of title 5, United States Code.

6           (D) STAFF OF FEDERAL AGENCIES.—  
7           Upon request of the Panel, the head of any  
8           Federal department or agency may detail, on a  
9           reimbursable basis, any of the personnel of that  
10          department or agency to the Panel to assist it  
11          in carrying out its duties under this Act.

12          (5) POWERS OF PANEL.—

13               (A) HEARINGS AND SESSIONS.—The Panel  
14               may, for the purpose of carrying out its duties  
15               under this subsection, hold such hearings, sit  
16               and act at such times and places, and take such  
17               testimony and evidence as the Panel considers  
18               appropriate.

19               (B) POWERS OF MEMBERS AND AGENTS.—  
20               Any member or agent of the Panel may, if au-  
21               thorized by the Panel, take any action which  
22               the Panel is authorized to take by this section.

23               (C) MAILS.—The Panel may use the  
24               United States mails in the same manner and

1 under the same conditions as other departments  
2 and agencies of the United States.

3 (6) REPORTS.—

4 (A) INTERIM REPORTS.—The Panel shall  
5 submit to the President and the Congress in-  
6 terim reports at least annually.

7 (B) FINAL REPORT.—The Panel shall  
8 transmit a final report to the President and the  
9 Congress not later than eight years after the  
10 date of the enactment of this Act. The final re-  
11 port shall contain a detailed statement of the  
12 findings and conclusions of the Panel, together  
13 with its recommendations for legislation and ad-  
14 ministrative actions which the Panel considers  
15 appropriate.

16 (7) TERMINATION.—The Panel shall terminate  
17 30 days after the date of the submission of its final  
18 report under paragraph (6)(B).

19 (8) AUTHORIZATION OF APPROPRIATIONS.—  
20 There are authorized to be appropriated from the  
21 Federal Old-Age and Survivors Insurance Trust  
22 Fund, the Federal Disability Insurance Trust Fund,  
23 and the general fund of the Treasury, as appro-  
24 priate, such sums as are necessary to carry out this  
25 subsection.

## **Subtitle B—Elimination of Work Disincentives**

### **SEC. 111. WORK ACTIVITY STANDARD AS A BASIS FOR RE- VIEW OF AN INDIVIDUAL'S DISABLED STATUS.**

(a) IN GENERAL.—Section 221 of the Social Security Act (42 U.S.C. 421) is amended by adding at the end the following:

“(m)(1) In any case where an individual entitled to disability insurance benefits under section 223 or to monthly insurance benefits under section 202 based on such individual’s disability (as defined in section 223(d)) has received such benefits for at least 24 months—

“(A) no continuing disability review conducted by the Commissioner may be scheduled for the individual solely as a result of the individual’s work activity;

“(B) no work activity engaged in by the individual may be used as evidence that the individual is no longer disabled; and

“(C) no cessation of work activity by the individual may give rise to a presumption that the individual is unable to engage in work.

“(2) An individual to which paragraph (1) applies shall continue to be subject to—

1           “(A) continuing disability reviews on a regularly  
2           scheduled basis that is not triggered by work; and

3           “(B) termination of benefits under this title in  
4           the event that the individual has earnings that ex-  
5           ceed the level of earnings established by the Com-  
6           missioner to represent substantial gainful activity.”.

7           (b) EFFECTIVE DATE.—The amendment made by  
8           subsection (a) shall take effect on January 1, 2003.

9   **SEC. 112. EXPEDITED REINSTATEMENT OF DISABILITY**  
10                           **BENEFITS.**

11           (a) OASDI BENEFITS.—Section 223 of the Social  
12           Security Act (42 U.S.C. 423) is amended—

13                   (1) by redesignating subsection (i) as subsection  
14                   (j); and

15                   (2) by inserting after subsection (h) the fol-  
16           lowing:

17                           “Reinstatement of Entitlement

18                   “(i)(1)(A) Entitlement to benefits described in sub-  
19           paragraph (B)(i)(I) shall be reinstated in any case where  
20           the Commissioner determines that an individual described  
21           in subparagraph (B) has filed a request for reinstatement  
22           meeting the requirements of paragraph (2)(A) during the  
23           period prescribed in subparagraph (C). Reinstatement of  
24           such entitlement shall be in accordance with the terms of  
25           this subsection.

1       “(B) An individual is described in this subparagraph  
2 if—

3               “(i) prior to the month in which the individual  
4 files a request for reinstatement—

5               “(I) the individual was entitled to benefits  
6 under this section or section 202 on the basis  
7 of disability pursuant to an application filed  
8 therefor; and

9               “(II) such entitlement terminated due to  
10 the performance of substantial gainful activity;

11              “(ii) the individual is under a disability and the  
12 physical or mental impairment that is the basis for  
13 the finding of disability is the same as (or related  
14 to) the physical or mental impairment that was the  
15 basis for the finding of disability that gave rise to  
16 the entitlement described in clause (i); and

17              “(iii) the individual’s disability renders the indi-  
18 vidual unable to perform substantial gainful activity.

19       “(C)(i) Except as provided in clause (ii), the period  
20 prescribed in this subparagraph with respect to an indi-  
21 vidual is 60 consecutive months beginning with the month  
22 following the most recent month for which the individual  
23 was entitled to a benefit described in subparagraph  
24 (B)(i)(I) prior to the entitlement termination described in  
25 subparagraph (B)(i)(II).

1       “(ii) In the case of an individual who fails to file a  
2 reinstatement request within the period prescribed in  
3 clause (i), the Commissioner may extend the period if the  
4 Commissioner determines that the individual had good  
5 cause for the failure to so file.

6       “(2)(A)(i) A request for reinstatement shall be filed  
7 in such form, and containing such information, as the  
8 Commissioner may prescribe.

9       “(ii) A request for reinstatement shall include express  
10 declarations by the individual that the individual meets the  
11 requirements specified in clauses (ii) and (iii) of para-  
12 graph (1)(B).

13       “(B) A request for reinstatement filed in accordance  
14 with subparagraph (A) may constitute an application for  
15 benefits in the case of any individual who the Commis-  
16 sioner determines is not entitled to reinstated benefits  
17 under this subsection.

18       “(3) In determining whether an individual meets the  
19 requirements of paragraph (1)(B)(ii), the provisions of  
20 subsection (f) shall apply.

21       “(4)(A)(i) Subject to clause (ii), entitlement to bene-  
22 fits reinstated under this subsection shall commence with  
23 the benefit payable for the month in which a request for  
24 reinstatement is filed.



1       “(ii) An individual whose entitlement to a benefit for  
2 any month would have been reinstated under this sub-  
3 section had the individual filed a request for reinstatement  
4 before the end of such month shall be entitled to such ben-  
5 efit for such month if such request for reinstatement is  
6 filed before the end of the twelfth month immediately suc-  
7 ceeding such month.

8       “(B)(i) Subject to clauses (ii) and (iii), the amount  
9 of the benefit payable for any month pursuant to the rein-  
10 statement of entitlement under this subsection shall be de-  
11 termined in accordance with the provisions of this title.

12       “(ii) For purposes of computing the primary insur-  
13 ance amount of an individual whose entitlement to benefits  
14 under this section is reinstated under this subsection, the  
15 date of onset of the individual’s disability shall be the date  
16 of onset used in determining the individual’s most recent  
17 period of disability arising in connection with such benefits  
18 payable on the basis of an application.

19       “(iii) Benefits under this section or section 202 pay-  
20 able for any month pursuant to a request for reinstate-  
21 ment filed in accordance with paragraph (2) shall be re-  
22 duced by the amount of any provisional benefit paid to  
23 such individual for such month under paragraph (7).

24       “(C) No benefit shall be payable pursuant to an enti-  
25 tlement reinstated under this subsection to an individual

1 for any month in which the individual engages in substan-  
2 tial gainful activity.

3 “(D) The entitlement of any individual that is rein-  
4 stated under this subsection shall end with the benefits  
5 payable for the month preceding whichever of the following  
6 months is the earliest:

7 “(i) The month in which the individual dies.

8 “(ii) The month in which the individual attains  
9 retirement age.

10 “(iii) The third month following the month in  
11 which the individual’s disability ceases.

12 “(5) Whenever an individual’s entitlement to benefits  
13 under this section is reinstated under this subsection, enti-  
14 tlement to benefits payable on the basis of such individ-  
15 ual’s wages and self-employment income may be reinstated  
16 with respect to any person previously entitled to such ben-  
17 efits on the basis of an application if the Commissioner  
18 determines that such person satisfies all the requirements  
19 for entitlement to such benefits except requirements re-  
20 lated to the filing of an application. The provisions of  
21 paragraph (4) shall apply to the reinstated entitlement of  
22 any such person to the same extent that they apply to  
23 the reinstated entitlement of such individual.

24 “(6) An individual to whom benefits are payable  
25 under this section or section 202 pursuant to a reinstate-

1 ment of entitlement under this subsection for 24 months  
2 (whether or not consecutive) shall, with respect to benefits  
3 so payable after such twenty-fourth month, be deemed for  
4 purposes of paragraph (1)(B)(i)(I) and the determination,  
5 if appropriate, of the termination month in accordance  
6 with subsection (a)(1) of this section, or subsection (d)(1),  
7 (e)(1), or (f)(1) of section 202, to be entitled to such bene-  
8 fits on the basis of an application filed therefor.

9 “(7)(A) An individual described in paragraph (1)(B)  
10 who files a request for reinstatement in accordance with  
11 the provisions of paragraph (2)(A) shall be entitled to pro-  
12 visional benefits payable in accordance with this para-  
13 graph, unless the Commissioner determines that the indi-  
14 vidual does not meet the requirements of paragraph  
15 (1)(B)(i) or that the individual’s declaration under para-  
16 graph (2)(A)(ii) is false. Any such determination by the  
17 Commissioner shall be final and not subject to review  
18 under subsection (b) or (g) of section 205.

19 “(B) The amount of a provisional benefit for a month  
20 shall equal the amount of the last monthly benefit payable  
21 to the individual under this title on the basis of an applica-  
22 tion increased by an amount equal to the amount, if any,  
23 by which such last monthly benefit would have been in-  
24 creased as a result of the operation of section 215(i).

1       “(C)(i) Provisional benefits shall begin with the  
2 month in which a request for reinstatement is filed in ac-  
3 cordance with paragraph (2)(A).

4       “(ii) Provisional benefits shall end with the earliest  
5 of—

6               “(I) the month in which the Commissioner  
7 makes a determination regarding the individual’s en-  
8 titlement to reinstated benefits;

9               “(II) the fifth month following the month de-  
10 scribed in clause (i);

11               “(III) the month in which the individual per-  
12 forms substantial gainful activity; or

13               “(IV) the month in which the Commissioner de-  
14 termines that the individual does not meet the re-  
15 quirements of paragraph (1)(B)(i) or that the indi-  
16 vidual’s declaration made in accordance with para-  
17 graph (2)(A)(ii) is false.

18       “(D) In any case in which the Commissioner deter-  
19 mines that an individual is not entitled to reinstated bene-  
20 fits, any provisional benefits paid to the individual under  
21 this paragraph shall not be subject to recovery as an over-  
22 payment unless the Commissioner determines that the in-  
23 dividual knew or should have known that the individual  
24 did not meet the requirements of paragraph (1)(B).”.

25       (b) SSI BENEFITS.—

“Reinstatement of Eligibility on the Basis of Blindness  
or Disability

6           “(p)(1)(A) Eligibility for benefits under this title  
7 shall be reinstated in any case where the Commissioner  
8 determines that an individual described in subparagraph  
9 (B) has filed a request for reinstatement meeting the re-  
10 quirements of paragraph (2)(A) during the period pre-  
11 scribed in subparagraph (C). Reinstatement of eligibility  
12 shall be in accordance with the terms of this subsection.

13           “(B) An individual is described in this subparagraph  
14 if—

15 “(i) prior to the month in which the individual  
16 files a request for reinstatement—

17                   “(I) the individual was eligible for benefits  
18                   under this title on the basis of blindness or dis-  
19                   ability pursuant to an application filed therefor;  
20                   and

21                   “(II) the individual thereafter was ineli-  
22                   gible for such benefits due to earned income (or  
23                   earned and unearned income) for a period of 12  
24                   or more consecutive months;

1           “(ii) the individual is blind or disabled and the  
2           physical or mental impairment that is the basis for  
3           the finding of blindness or disability is the same as  
4           (or related to) the physical or mental impairment  
5           that was the basis for the finding of blindness or  
6           disability that gave rise to the eligibility described in  
7           clause (i);

8           “(iii) the individual’s blindness or disability ren-  
9           ders the individual unable to perform substantial  
10          gainful activity; and

11          “(iv) the individual satisfies the nonmedical re-  
12          quirements for eligibility for benefits under this title.

13          “(C)(i) Except as provided in clause (ii), the period  
14          prescribed in this subparagraph with respect to an indi-  
15          vidual is 60 consecutive months beginning with the month  
16          following the most recent month for which the individual  
17          was eligible for a benefit under this title (including section  
18          1619) prior to the period of ineligibility described in sub-  
19          paragraph (B)(i)(II).

20          “(ii) In the case of an individual who fails to file a  
21          reinstatement request within the period prescribed in  
22          clause (i), the Commissioner may extend the period if the  
23          Commissioner determines that the individual had good  
24          cause for the failure to so file.

1       “(2)(A)(i) A request for reinstatement shall be filed  
2 in such form, and containing such information, as the  
3 Commissioner may prescribe.

4       “(ii) A request for reinstatement shall include express  
5 declarations by the individual that the individual meets the  
6 requirements specified in clauses (ii) through (iv) of para-  
7 graph (1)(B).

8       “(B) A request for reinstatement filed in accordance  
9 with subparagraph (A) may constitute an application for  
10 benefits in the case of any individual who the Commis-  
11 sioner determines is not eligible for reinstated benefits  
12 under this subsection.

13       “(3) In determining whether an individual meets the  
14 requirements of paragraph (1)(B)(ii), the provisions of  
15 section 1614(a)(4) shall apply.

16       “(4)(A) Eligibility for benefits reinstated under this  
17 subsection shall commence with the benefit payable for the  
18 month following the month in which a request for rein-  
19 statement is filed.

20       “(B)(i) Subject to clause (ii), the amount of the ben-  
21 efit payable for any month pursuant to the reinstatement  
22 of eligibility under this subsection shall be determined in  
23 accordance with the provisions of this title.

24       “(ii) The benefit under this title payable for any  
25 month pursuant to a request for reinstatement filed in ac-

1 cordance with paragraph (2) shall be reduced by the  
2 amount of any provisional benefit paid to such individual  
3 for such month under paragraph (7).

4 “(C) Except as otherwise provided in this subsection,  
5 eligibility for benefits under this title reinstated pursuant  
6 to a request filed under paragraph (2) shall be subject  
7 to the same terms and conditions as eligibility established  
8 pursuant to an application filed therefor.

9 “(5) Whenever an individual’s eligibility for benefits  
10 under this title is reinstated under this subsection, eligi-  
11 bility for such benefits shall be reinstated with respect to  
12 the individual’s spouse if such spouse was previously an  
13 eligible spouse of the individual under this title and the  
14 Commissioner determines that such spouse satisfies all the  
15 requirements for eligibility for such benefits except re-  
16 quirements related to the filing of an application. The pro-  
17 visions of paragraph (4) shall apply to the reinstated eligi-  
18 bility of the spouse to the same extent that they apply  
19 to the reinstated eligibility of such individual.

20 “(6) An individual to whom benefits are payable  
21 under this title pursuant to a reinstatement of eligibility  
22 under this subsection for twenty-four months (whether or  
23 not consecutive) shall, with respect to benefits so payable  
24 after such twenty-fourth month, be deemed for purposes



1 of paragraph (1)(B)(i)(I) to be eligible for such benefits  
2 on the basis of an application filed therefor.

3 “(7)(A) An individual described in paragraph (1)(B)  
4 who files a request for reinstatement in accordance with  
5 the provisions of paragraph (2)(A) shall be eligible for pro-  
6 visional benefits payable in accordance with this para-  
7 graph, unless the Commissioner determines that the indi-  
8 vidual does not meet the requirements of paragraph  
9 (1)(B)(i) or that the individual’s declaration under para-  
10 graph (2)(A)(ii) is false. Any such determination by the  
11 Commissioner shall be final and not subject to review  
12 under paragraph (1) or (3) of subsection (c).

13 “(B)(i) Except as otherwise provided in clause (ii),  
14 the amount of a provisional benefit for a month shall equal  
15 the amount of the monthly benefit that would be payable  
16 to an eligible individual under this title with the same kind  
17 and amount of income.

18 “(ii) If the individual has a spouse who was pre-  
19 viously an eligible spouse of the individual under this title  
20 and the Commissioner determines that such spouse satis-  
21 fies all the requirements of section 1614(b) except require-  
22 ments related to the filing of an application, the amount  
23 of a provisional benefit for a month shall equal the amount  
24 of the monthly benefit that would be payable to an eligible

1 individual and eligible spouse under this title with the  
2 same kind and amount of income.

3 “(C)(i) Provisional benefits shall begin with the  
4 month following the month in which a request for rein-  
5 statement is filed in accordance with paragraph (2)(A).

6 “(ii) Provisional benefits shall end with the earliest  
7 of—

8 “(I) the month in which the Commissioner  
9 makes a determination regarding the individual’s eli-  
10 gibility for reinstated benefits;

11 “(II) the fifth month following the month for  
12 which provisional benefits are first payable under  
13 clause (i); or

14 “(III) the month in which the Commissioner de-  
15 termines that the individual does not meet the re-  
16 quirements of paragraph (1)(B)(i) or that the indi-  
17 vidual’s declaration made in accordance with para-  
18 graph (2)(A)(ii) is false.

19 “(D) In any case in which the Commissioner deter-  
20 mines that an individual is not eligible for reinstated bene-  
21 fits, any provisional benefits paid to the individual under  
22 this paragraph shall not be subject to recovery as an over-  
23 payment unless the Commissioner determines that the in-  
24 dividual knew or should have known that the individual  
25 did not meet the requirements of paragraph (1)(B).

1       “(8) For purposes of this subsection other than para-  
2 graph (7), the term ‘benefits under this title’ includes  
3 State supplementary payments made pursuant to an  
4 agreement under section 1616(a) of this Act or section  
5 212(b) of Public Law 93–66.”.

6           (2) CONFORMING AMENDMENTS.—

7           (A) Section 1631(j)(1) of such Act (42  
8 U.S.C. 1383(j)(1)) is amended by striking the  
9 period and inserting “, or has filed a request  
10 for reinstatement of eligibility under subsection  
11 (p)(2) and been determined to be eligible for re-  
12 instatement.”.

13          (B) Section 1631(j)(2)(A)(i)(I) of such Act  
14 (42 U.S.C. 1383(j)(2)(A)(i)(I)) is amended by  
15 inserting “(other than pursuant to a request for  
16 reinstatement under subsection (p))” after “eli-  
17 gible”.

18          (c) EFFECTIVE DATE.—

19          (1) IN GENERAL.—The amendments made by  
20 this section shall take effect on the first day of the  
21 thirteenth month beginning after the date of the en-  
22 actment of this Act.

23          (2) LIMITATION.—No benefit shall be payable  
24 under title II or XVI on the basis of a request for  
25 reinstatement filed under section 223(i) or 1631(p)

1 of the Social Security Act before the effective date  
 2 described in paragraph (1).

### 3 **Subtitle C—Work Incentives** 4 **Planning, Assistance, and Outreach**

#### 5 **SEC. 121. WORK INCENTIVES OUTREACH PROGRAM.**

6 Part A of title XI of the Social Security Act (42  
 7 U.S.C. 1301 et seq.), as amended by section 101, is  
 8 amended by adding after section 1148 the following:

9 “WORK INCENTIVES OUTREACH PROGRAM

10 “SEC. 1149. (a) ESTABLISHMENT.—

11 “(1) IN GENERAL.—The Commissioner, in con-  
 12 sultation with the Ticket to Work and Work Incen-  
 13 tives Advisory Panel established under section 101(f)  
 14 of the Ticket to Work and Work Incentives Improve-  
 15 ment Act of 1999, shall establish a community-based  
 16 work incentives planning and assistance program for  
 17 the purpose of disseminating accurate information to  
 18 disabled beneficiaries on work incentives programs  
 19 and issues related to such programs.

20 “(2) GRANTS, COOPERATIVE AGREEMENTS,  
 21 CONTRACTS, AND OUTREACH.—Under the program  
 22 established under this section, the Commissioner  
 23 shall—

24 “(A) establish a competitive program of  
 25 grants, cooperative agreements, or contracts to  
 26 provide benefits planning and assistance, in-

cluding information on the availability of protection and advocacy services, to disabled beneficiaries, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148, the program established under section 1619, and other programs that are designed to encourage disabled beneficiaries to work;

“(B) conduct directly, or through grants, cooperative agreements, or contracts, ongoing outreach efforts to disabled beneficiaries (and to the families of such beneficiaries) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist disabled beneficiaries to work, including—

“(i) preparing and disseminating information explaining such programs; and

“(ii) working in cooperation with other Federal, State, and private agencies and nonprofit organizations that serve disabled beneficiaries, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling;

1           “(C) establish a corps of trained, acces-  
2           sible, and responsive work incentives specialists  
3           within the Social Security Administration who  
4           will specialize in disability work incentives  
5           under titles II and XVI for the purpose of dis-  
6           seminating accurate information with respect to  
7           inquiries and issues relating to work incentives  
8           to—

9                     “(i) disabled beneficiaries;

10                    “(ii) benefit applicants under titles II  
11                   and XVI; and

12                    “(iii) individuals or entities awarded  
13                   grants under subparagraphs (A) or (B);  
14                   and

15                   “(D) provide—

16                    “(i) training for work incentives spe-  
17                   cialists and individuals providing planning  
18                   assistance described in subparagraph (C);  
19                   and

20                    “(ii) technical assistance to organiza-  
21                   tions and entities that are designed to en-  
22                   courage disabled beneficiaries to return to  
23                   work.

24                   “(3) COORDINATION WITH OTHER PRO-  
25                   GRAMS.—The responsibilities of the Commissioner

1 established under this section shall be coordinated  
2 with other public and private programs that provide  
3 information and assistance regarding rehabilitation  
4 services and independent living supports and bene-  
5 fits planning for disabled beneficiaries including the  
6 program under section 1619, the plans for achieving  
7 self-support program (PASS), and any other Federal  
8 or State work incentives programs that are designed  
9 to assist disabled beneficiaries, including educational  
10 agencies that provide information and assistance re-  
11 garding rehabilitation, school-to-work programs,  
12 transition services (as defined in, and provided in ac-  
13 cordance with, the Individuals with Disabilities Edu-  
14 cation Act (20 U.S.C. 1400 et seq.)), a one-stop de-  
15 livery system established under subtitle B of title I  
16 of the Workforce Investment Act of 1998, and other  
17 services.

18 “(b) CONDITIONS.—

19 “(1) SELECTION OF ENTITIES.—

20 “(A) APPLICATION.—An entity shall sub-  
21 mit an application for a grant, cooperative  
22 agreement, or contract to provide benefits plan-  
23 ning and assistance to the Commissioner at  
24 such time, in such manner, and containing such  
25 information as the Commissioner may deter-

mine is necessary to meet the requirements of this section.

“(B) STATEWIDENESS.—The Commissioner shall ensure that the planning, assistance, and information described in paragraph (2) shall be available on a statewide basis.

“(C) ELIGIBILITY OF STATES AND PRIVATE ORGANIZATIONS.—

“(i) IN GENERAL.—The Commissioner may award a grant, cooperative agreement, or contract under this section to a State or a private agency or organization (other than Social Security Administration Field Offices and the State agency administering the State medicaid program under title XIX, including any agency or entity described in clause (ii), that the Commissioner determines is qualified to provide the planning, assistance, and information described in paragraph (2)).

“(ii) AGENCIES AND ENTITIES DESCRIBED.—The agencies and entities described in this clause are the following:

“(I) Any public or private agency or organization (including Centers for



1 Independent Living established under  
2 title VII of the Rehabilitation Act of  
3 1973, protection and advocacy organi-  
4 zations, client assistance programs es-  
5 tablished in accordance with section  
6 112 of the Rehabilitation Act of 1973,  
7 and State Developmental Disabilities  
8 Councils established in accordance  
9 with section 124 of the Developmental  
10 Disabilities Assistance and Bill of  
11 Rights Act (42 U.S.C. 6024)) that the  
12 Commissioner determines satisfies the  
13 requirements of this section.

14 “(II) The State agency admin-  
15 istering the State program funded  
16 under part A of title IV.

17 “(D) EXCLUSION FOR CONFLICT OF IN-  
18 TEREST.—The Commissioner may not award a  
19 grant, cooperative agreement, or contract under  
20 this section to any entity that the Commissioner  
21 determines would have a conflict of interest if  
22 the entity were to receive a grant, cooperative  
23 agreement, or contract under this section.

24 “(2) SERVICES PROVIDED.—A recipient of a  
25 grant, cooperative agreement, or contract to provide

1       benefits planning and assistance shall select individ-  
2       uals who will act as planners and provide informa-  
3       tion, guidance, and planning to disabled beneficiaries  
4       on the—

5               “(A) availability and interrelation of any  
6       Federal or State work incentives programs de-  
7       signed to assist disabled beneficiaries that the  
8       individual may be eligible to participate in;

9               “(B) adequacy of any health benefits cov-  
10      erage that may be offered by an employer of  
11      the individual and the extent to which other  
12      health benefits coverage may be available to the  
13      individual; and

14              “(C) availability of protection and advo-  
15      cacy services for disabled beneficiaries and how  
16      to access such services.

17              “(3) AMOUNT OF GRANTS, COOPERATIVE  
18      AGREEMENTS, OR CONTRACTS.—

19              “(A) BASED ON POPULATION OF DIS-  
20      ABLED BENEFICIARIES.—Subject to subpara-  
21      graph (B), the Commissioner shall award a  
22      grant, cooperative agreement, or contract under  
23      this section to an entity based on the percent-  
24      age of the population of the State where the en-  
25      tity is located who are disabled beneficiaries.

“(B) LIMITATIONS.—

“(i) PER GRANT.—No entity shall receive a grant, cooperative agreement, or contract under this section for a fiscal year that is less than \$50,000 or more than \$300,000.

“(ii) TOTAL AMOUNT FOR ALL GRANTS, COOPERATIVE AGREEMENTS, AND CONTRACTS.—The total amount of all grants, cooperative agreements, and contracts awarded under this section for a fiscal year may not exceed \$23,000,000.

“(4) ALLOCATION OF COSTS.—The costs of carrying out this section shall be paid from amounts made available for the administration of title II and amounts made available for the administration of title XVI, and shall be allocated among those amounts as appropriate.

“(c) DEFINITIONS.—In this section:

“(1) COMMISSIONER.—The term ‘Commissioner’ means the Commissioner of Social Security.

“(2) DISABLED BENEFICIARY.—The term ‘disabled beneficiary’ has the meaning given that term in section 1148(k)(2).

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
2 is authorized to be appropriated to carry out this section  
3 \$23,000,000 for each of the fiscal years 2000 through  
4 2004.”.

5 **SEC. 122. STATE GRANTS FOR WORK INCENTIVES ASSIST-**  
6 **ANCE TO DISABLED BENEFICIARIES.**

7 Part A of title XI of the Social Security Act (42  
8 U.S.C. 1301 et seq.), as amended by section 121, is  
9 amended by adding after section 1149 the following:

10 “STATE GRANTS FOR WORK INCENTIVES ASSISTANCE TO  
11 DISABLED BENEFICIARIES

12 “SEC. 1150. (a) IN GENERAL.—Subject to subsection  
13 (c), the Commissioner may make payments in each State  
14 to the protection and advocacy system established pursu-  
15 ant to part C of title I of the Developmental Disabilities  
16 Assistance and Bill of Rights Act (42 U.S.C. 6041 et seq.)  
17 for the purpose of providing services to disabled bene-  
18 ficiaries.

19 “(b) SERVICES PROVIDED.—Services provided to dis-  
20 abled beneficiaries pursuant to a payment made under this  
21 section may include—

22 “(1) information and advice about obtaining vo-  
23 cational rehabilitation and employment services; and

24 “(2) advocacy or other services that a disabled  
25 beneficiary may need to secure or regain gainful em-  
26 ployment.

1       “(c) APPLICATION.—In order to receive payments  
 2 under this section, a protection and advocacy system shall  
 3 submit an application to the Commissioner, at such time,  
 4 in such form and manner, and accompanied by such infor-  
 5 mation and assurances as the Commissioner may require.

6       “(d) AMOUNT OF PAYMENTS.—

7               “(1) IN GENERAL.—Subject to the amount ap-  
 8 propriated for a fiscal year for making payments  
 9 under this section, a protection and advocacy system  
 10 shall not be paid an amount that is less than—

11               “(A) in the case of a protection and advo-  
 12 cacy system located in a State (including the  
 13 District of Columbia and Puerto Rico) other  
 14 than Guam, American Samoa, the United  
 15 States Virgin Islands, and the Commonwealth  
 16 of the Northern Mariana Islands, the greater  
 17 of—

18               “(i) \$100,000; or

19               “(ii)  $\frac{1}{3}$  of 1 percent of the amount  
 20 available for payments under this section;  
 21 and

22               “(B) in the case of a protection and advo-  
 23 cacy system located in Guam, American Samoa,  
 24 the United States Virgin Islands, and the Com-

1           monwealth of the Northern Mariana Islands,  
2           \$50,000.

3           “(2) INFLATION ADJUSTMENT.—For each fiscal  
4           year in which the total amount appropriated to carry  
5           out this section exceeds the total amount appro-  
6           priated to carry out this section in the preceding fis-  
7           cal year, the Commissioner shall increase each min-  
8           imum payment under subparagraphs (A) and (B) of  
9           paragraph (1) by a percentage equal to the percent-  
10          age increase in the total amount so appropriated to  
11          carry out this section.

12          “(e) ANNUAL REPORT.—Each protection and advo-  
13          cacy system that receives a payment under this section  
14          shall submit an annual report to the Commissioner and  
15          the Ticket to Work and Work Incentives Advisory Panel  
16          established under section 101(f) of the Ticket to Work and  
17          Work Incentives Improvement Act of 1999 on the services  
18          provided to individuals by the system.

19          “(f) FUNDING.—

20                 “(1) ALLOCATION OF PAYMENTS.—Payments  
21                 under this section shall be made from amounts made  
22                 available for the administration of title II and  
23                 amounts made available for the administration of  
24                 title XVI, and shall be allocated among those  
25                 amounts as appropriate.

1           “(2) CARRYOVER.—Any amounts allotted for  
2       payment to a protection and advocacy system under  
3       this section for a fiscal year shall remain available  
4       for payment to or on behalf of the protection and  
5       advocacy system until the end of the succeeding fis-  
6       cal year.

7       “(g) DEFINITIONS.—In this section:

8           “(1) COMMISSIONER.—The term ‘Commis-  
9       sioner’ means the Commissioner of Social Security.

10          “(2) DISABLED BENEFICIARY.—The term ‘dis-  
11       abled beneficiary’ has the meaning given that term  
12       in section 1148(k)(2).

13          “(3) PROTECTION AND ADVOCACY SYSTEM.—  
14       The term ‘protection and advocacy system’ means a  
15       protection and advocacy system established pursuant  
16       to part C of title I of the Developmental Disabilities  
17       Assistance and Bill of Rights Act (42 U.S.C. 6041  
18       et seq.).

19          “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
20       is authorized to be appropriated to carry out this section  
21       \$7,000,000 for each of the fiscal years 2000 through  
22       2004.”.

1 **TITLE II—EXPANDED AVAIL-**  
2 **ABILITY OF HEALTH CARE**  
3 **SERVICES**

4 **SEC. 201. EXPANDING STATE OPTIONS UNDER THE MED-**  
5 **ICAID PROGRAM FOR WORKERS WITH DIS-**  
6 **ABILITIES.**

7 (a) IN GENERAL.—

8 (1) STATE OPTION TO PROVIDE OPPORTUNITY  
9 FOR EMPLOYED INDIVIDUALS WITH A MEDICALLY  
10 IMPROVED DISABILITY TO BUY INTO MEDICAID.—

11 (A) ELIGIBILITY.—Section  
12 1902(a)(10)(A)(ii) of the Social Security Act  
13 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

14 (i) in subclause (XIII), by striking  
15 “or” at the end;

16 (ii) in subclause (XIV), by adding  
17 “or” at the end; and

18 (iii) by adding at the end the fol-  
19 lowing:

20 “(XV) who are employed individ-  
21 uals with a medically improved dis-  
22 ability described in section 1905(v)(1)  
23 and whose assets, resources, and  
24 earned or unearned income (or both)  
25 do not exceed such limitations (if any)



1 as the State may establish, but only if  
 2 the State provides medical assistance  
 3 to individuals described in subclause  
 4 (XIII);”.

5 (B) DEFINITION OF EMPLOYED INDIVID-  
 6 UALS WITH A MEDICALLY IMPROVED DIS-  
 7 ABILITY.—Section 1905 of the Social Security  
 8 Act (42 U.S.C. 1396d) is amended by adding at  
 9 the end the following:

10 “(v)(1) The term ‘employed individual with a medi-  
 11 cally improved disability’ means an individual who—

12 “(A) is at least 16, but less than 65, years of  
 13 age;

14 “(B) is employed (as defined in paragraph (2));

15 “(C) ceases to be eligible for medical assistance  
 16 under section 1902(a)(10)(A)(ii)(XIII) because the  
 17 individual, by reason of medical improvement, is de-  
 18 termined at the time of a regularly scheduled con-  
 19 tinuing disability review to no longer be eligible for  
 20 benefits under section 223(d) or 1614(a)(3); and

21 “(D) continues to have a severe medically deter-  
 22 minable impairment, as determined under regula-  
 23 tions of the Secretary.

24 “(2) For purposes of paragraph (1), an individual is  
 25 considered to be ‘employed’ if the individual—

1           “(A) is earning at least the applicable minimum  
2           wage requirement under section 6 of the Fair Labor  
3           Standards Act (29 U.S.C. 206) and working at least  
4           40 hours per month; or

5           “(B) is engaged in a work effort that meets  
6           substantial and reasonable threshold criteria for  
7           hours of work, wages, or other measures, as defined  
8           by the State and approved by the Secretary.”.

9           (C) CONFORMING AMENDMENT.—Section  
10          1905(a) of such Act (42 U.S.C. 1396d(a)) is  
11          amended in the matter preceding paragraph  
12          (1)—

13                   (i) in clause (x), by striking “or” at  
14                   the end;

15                   (ii) in clause (xi), by adding “or” at  
16                   the end; and

17                   (iii) by inserting after clause (xi), the  
18                   following:

19                   “(xii) employed individuals with a medically im-  
20                   proved disability (as defined in subsection (v)),”.

21          (2) STATE AUTHORITY TO IMPOSE INCOME-RE-  
22          LATED PREMIUMS AND COST-SHARING.—Section  
23          1916 of such Act (42 U.S.C. 1396o) is amended—

1 (A) in subsection (a), by striking “The  
2 State plan” and inserting “Subject to sub-  
3 section (g), the State plan”; and

4 (B) by adding at the end the following:

5 “(g) With respect to individuals provided medical as-  
6 sistance only under subclause (XV) of section  
7 1902(a)(10)(A)(ii), a State may (in a uniform manner for  
8 individuals described in either such subclause)—

9 “(1) require such individuals to pay premiums  
10 or other cost-sharing charges set on a sliding scale  
11 based on income that the State may determine; and

12 “(2) require payment of 100 percent of such  
13 premiums in the case of such an individual who has  
14 income that exceeds 250 percent of the income offi-  
15 cial poverty line (referred to in subsection (c)(1)) ap-  
16 plicable to a family of the size involved.”.

17 (3) PROHIBITION AGAINST SUPPLANTATION OF  
18 STATE FUNDS AND STATE FAILURE TO MAINTAIN  
19 EFFORT.—Section 1903(i) of such Act (42 U.S.C.  
20 1396b(i)) is amended—

21 (A) by striking the period at the end of  
22 paragraph (19) and inserting “; or”; and

23 (B) by inserting after such paragraph the  
24 following:

(1) Section 1903(f)(4) of the Social Security Act (42 U.S.C. 1396b(f)(4)) is amended in the matter preceding subparagraph (A) by inserting “1902(a)(10)(A)(ii)(XV),” after “1902(a)(10)(A)(ii)(X),”.

23 (c) EFFECTIVE DATE.—

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1       apply to medical assistance for items and services  
2       furnished on or after October 1, 1999.

3               (2) RETROACTIVITY OF CONFORMING AMEND-  
4       MENT.—The amendment made by subsection (b)(2)  
5       takes effect as if included in the enactment of the  
6       Balanced Budget Act of 1997.

7       **SEC. 202. EXTENDING MEDICARE COVERAGE FOR OASDI**  
8               **DISABILITY BENEFIT RECIPIENTS.**

9               (a) IN GENERAL.—The next to last sentence of sec-  
10      tion 226(b) of the Social Security Act (42 U.S.C. 426)  
11      is amended by striking “24” and inserting “96”.

12              (b) EFFECTIVE DATE.—The amendment made by  
13      subsection (a) shall be effective on and after October 1,  
14      2000.

15              (c) GAO REPORT.—Not later than 5 years after the  
16      date of the enactment of this Act, the Comptroller General  
17      of the United States shall submit a report to the Congress  
18      that—

19                      (1) examines the effectiveness and cost of the  
20      amendment made by subsection (a);

21                      (2) examines the necessity and effectiveness of  
22      providing continuation of medicare coverage under  
23      section 226(b) of the Social Security Act to individ-  
24      uals whose annual income exceeds the contribution

1 and benefit base (as determined under section 230  
2 of such Act);

3 (3) examines the viability of providing the con-  
4 tinuation of medicare coverage under such section  
5 226(b) based on a sliding scale premium for individ-  
6 uals whose annual income exceeds such contribution  
7 and benefit base;

8 (4) examines the viability of providing the con-  
9 tinuation of medicare coverage under such section  
10 226(b) based on a premium buy-in by the bene-  
11 ficiary's employer in lieu of coverage under private  
12 health insurance;

13 (5) examines the interrelation between the use  
14 of the continuation of medicare coverage under such  
15 section 226(b) and the use of private health insur-  
16 ance coverage by individuals during the extended pe-  
17 riod; and

18 (6) recommends such legislative or administra-  
19 tive changes relating to the continuation of medicare  
20 coverage for recipients of social security disability  
21 benefits as the Comptroller General determines are  
22 appropriate.

1 **SEC. 203. GRANTS TO DEVELOP AND ESTABLISH STATE IN-**  
2 **FRASTRUCTURES TO SUPPORT WORKING IN-**  
3 **DIVIDUALS WITH DISABILITIES.**

4 (a) ESTABLISHMENT.—

5 (1) IN GENERAL.—The Secretary of Health and  
6 Human Services (in this section referred to as the  
7 “Secretary”) shall award grants described in sub-  
8 section (b) to States to support the design, establish-  
9 ment, and operation of State infrastructures that  
10 provide items and services to support working indi-  
11 viduals with disabilities.

12 (2) APPLICATION.—In order to be eligible for  
13 an award of a grant under this section, a State shall  
14 submit an application to the Secretary at such time,  
15 in such manner, and containing such information as  
16 the Secretary shall require.

17 (3) DEFINITION OF STATE.—In this section,  
18 the term “State” means each of the 50 States, the  
19 District of Columbia, Puerto Rico, Guam, the  
20 United States Virgin Islands, American Samoa, and  
21 the Commonwealth of the Northern Mariana Is-  
22 lands.

23 (b) GRANTS FOR INFRASTRUCTURE AND OUT-  
24 REACH.—

1           (1) IN GENERAL.—Out of the funds appro-  
2           priated under subsection (e), the Secretary shall  
3           award grants to States to—

4                   (A) support the establishment, implemen-  
5                   tation, and operation of the State infrastruc-  
6                   tures described in subsection (a); and

7                   (B) conduct outreach campaigns regarding  
8                   the existence of such infrastructures.

9           (2) ELIGIBILITY FOR GRANTS.—

10                   (A) IN GENERAL.—No State may receive a  
11                   grant under this subsection unless the State—

12                           (i) has an approved amendment to the  
13                           State plan under title XIX of the Social  
14                           Security Act (42 U.S.C. 1396 et seq.) that  
15                           provides medical assistance under such  
16                           plan to individuals described in section  
17                           1902(a)(10)(A)(ii)(XIII) of the Social Se-  
18                           curity           Act           (42           U.S.C.  
19                           1396a(a)(10)(A)(ii)(XIII)); and

20                           (ii) demonstrates to the satisfaction of  
21                           the Secretary that the State makes per-  
22                           sonal assistance services available under  
23                           the State plan under title XIX of the So-  
24                           cial Security Act (42 U.S.C. 1396 et seq.)  
25                           to the extent necessary to enable individ-



1 uals described in clause (i) to remain em-  
2 ployed (as determined under section  
3 1905(v)(2) of the Social Security Act (42  
4 U.S.C. 1396d(v)(2))).

5 (B) DEFINITION OF PERSONAL ASSIST-  
6 ANCE SERVICES.—In this paragraph, the term  
7 “personal assistance services” means a range of  
8 services, provided by 1 or more persons, de-  
9 signed to assist an individual with a disability  
10 to perform daily activities on and off the job  
11 that the individual would typically perform if  
12 the individual did not have a disability. Such  
13 services shall be designed to increase the indi-  
14 vidual’s control in life and ability to perform ev-  
15 eryday activities on or off the job.

16 (3) DETERMINATION OF AWARDS.—

17 (A) IN GENERAL.—Subject to subpara-  
18 graph (B), the Secretary shall determine a for-  
19 mula for awarding grants to States under this  
20 section that provides special consideration to  
21 States that provide medical assistance under  
22 title XIX of the Social Security Act to individ-  
23 uals described in section  
24 1902(a)(10)(A)(ii)(XV) of that Act (42 U.S.C.  
25 1396a(a)(10)(A)(ii)(XV)).

1 (B) AWARD LIMITS.—

2 (i) MINIMUM AWARDS.—

3 (I) IN GENERAL.—Subject to  
4 subclause (II), no State with an ap-  
5 proved application under this section  
6 shall receive a grant for a fiscal year  
7 that is less than \$500,000.

8 (II) PRO RATA REDUCTIONS.—If  
9 the funds appropriated under sub-  
10 section (e) for a fiscal year are not  
11 sufficient to pay each State with an  
12 application approved under this sec-  
13 tion the minimum amount described  
14 in subclause (I), the Secretary shall  
15 pay each such State an amount equal  
16 to the pro rata share of the amount  
17 made available.

18 (ii) MAXIMUM AWARDS.—No State  
19 with an application that has been approved  
20 under this section shall receive a grant for  
21 a fiscal year that exceeds 15 percent of the  
22 total expenditures by the State (including  
23 the reimbursed Federal share of such ex-  
24 penditures) for medical assistance for indi-  
25 viduals eligible under subclause (XIII) or

1 (XV) of section 1902(a)(10)(A)(ii) of the  
2 Social Security Act (42 U.S.C.  
3 1396a(a)(10)(A)(ii)), as estimated by the  
4 State and approved by the Secretary.

5 (c) AVAILABILITY OF FUNDS.—

6 (1) FUNDS AWARDED TO STATES.—Funds  
7 awarded to a State under a grant made under this  
8 section for a fiscal year shall remain available until  
9 expended.

10 (2) FUNDS NOT AWARDED TO STATES.—Funds  
11 not awarded to States in the fiscal year for which  
12 they are appropriated shall remain available in suc-  
13 ceeding fiscal years for awarding by the Secretary.

14 (d) ANNUAL REPORT.—A State that is awarded a  
15 grant under this section shall submit an annual report to  
16 the Secretary on the use of funds provided under the  
17 grant. Each report shall include the percentage increase  
18 in the number of title II disability beneficiaries, as defined  
19 in section 1148(k)(3) of the Social Security Act (as  
20 amended by section 101(a)) in the State, and title XVI  
21 disability beneficiaries, as defined in section 1148(k)(4) of  
22 the Social Security Act (as so amended) in the State who  
23 return to work.

24 (e) APPROPRIATION.—

1           (1) IN GENERAL.—Out of any funds in the  
2       Treasury not otherwise appropriated, there is appro-  
3       priated to make grants under this section—

4                       (A) for fiscal year 2000, \$20,000,000;

5                       (B) for fiscal year 2001, \$25,000,000;

6                       (C) for fiscal year 2002, \$30,000,000;

7                       (D) for fiscal year 2003, \$35,000,000;

8                       (E) for fiscal year 2004, \$40,000,000; and

9                       (F) for each of fiscal years 2005 through  
10       2010, the amount appropriated for the pre-  
11       ceding fiscal year increased by the percentage  
12       increase (if any) in the Consumer Price Index  
13       for All Urban Consumers (United States city  
14       average) for the preceding fiscal year.

15       (2) BUDGET AUTHORITY.—This subsection con-  
16       stitutes budget authority in advance of appropria-  
17       tions Acts and represents the obligation of the Fed-  
18       eral Government to provide for the payment of the  
19       amounts appropriated under paragraph (1).

20       (f) RECOMMENDATION.—Not later than October 1,  
21       2009, the Secretary, in consultation with the Work Incen-  
22       tives Advisory Panel established under section 201(f),  
23       shall submit a recommendation to the Committee on Com-  
24       merce of the House of Representatives and the Committee  
25       on Finance of the Senate regarding whether the grant pro-

1 gram established under this section should be continued  
 2 after fiscal year 2010.

3 **SEC. 204. DEMONSTRATION OF COVERAGE UNDER THE**  
 4 **MEDICAID PROGRAM OF WORKERS WITH PO-**  
 5 **TENTIALLY SEVERE DISABILITIES.**

6 (a) STATE APPLICATION.—A State may apply to the  
 7 Secretary of Health and Human Services (in this section  
 8 referred to as the “Secretary”) for approval of a dem-  
 9 onstration project (in this section referred to as a “dem-  
 10 onstration project”) under which up to a specified max-  
 11 imum number of individuals who are workers with a po-  
 12 tentially severe disability (as defined in subsection (b)(1))  
 13 are provided medical assistance equal to that provided  
 14 under section 1905(a) of the Social Security Act (42  
 15 U.S.C. 1396d(a)) to individuals described in section  
 16 1902(a)(10)(A)(ii)(XIII) of that Act (42 U.S.C.  
 17 1396a(a)(10)(A)(ii)(XIII)).

18 (b) WORKER WITH A POTENTIALLY SEVERE DIS-  
 19 ABILITY DEFINED.—For purposes of this section—

20 (1) IN GENERAL.—The term “worker with a  
 21 potentially severe disability” means, with respect to  
 22 a demonstration project, an individual who—

23 (A) is at least 16, but less than 65, years  
 24 of age;

1 (B) has a specific physical or mental im-  
 2 pairment that, as defined by the State under  
 3 the demonstration project, is reasonably ex-  
 4 pected, but for the receipt of items and services  
 5 described in section 1905(a) of the Social Secu-  
 6 rity Act (42 U.S.C. 1396d(a)), to become blind  
 7 or disabled (as defined under section 1614(a) of  
 8 the Social Security Act (42 U.S.C. 1382c(a)));  
 9 and

10 (C) is employed (as defined in paragraph  
 11 (2)).

12 (2) DEFINITION OF EMPLOYED.—An individual  
 13 is considered to be “employed” if the individual—

14 (A) is earning at least the applicable min-  
 15 imum wage requirement under section 6 of the  
 16 Fair Labor Standards Act (29 U.S.C. 206) and  
 17 working at least 40 hours per month; or

18 (B) is engaged in a work effort that meets  
 19 substantial and reasonable threshold criteria for  
 20 hours of work, wages, or other measures, as de-  
 21 fined under the demonstration project and ap-  
 22 proved by the Secretary.

23 (c) APPROVAL OF DEMONSTRATION PROJECTS.—

24 (1) IN GENERAL.—Subject to paragraph (3),  
 25 the Secretary shall approve applications under sub-

1 section (a) that meet the requirements of paragraph  
2 (2) and such additional terms and conditions as the  
3 Secretary may require. The Secretary may waive the  
4 requirement of section 1902(a)(1) of the Social Se-  
5 curity Act (42 U.S.C. 1396a(a)(1)) to allow for sub-  
6 State demonstrations.

7 (2) TERMS AND CONDITIONS OF DEMONSTRA-  
8 TION PROJECTS.—The Secretary may not approve a  
9 demonstration project under this section unless the  
10 State provides assurances satisfactory to the Sec-  
11 retary that the following conditions are or will be  
12 met:

13 (A) ELECTION OF OPTIONAL CATEGORY.—

14 The State has elected to provide coverage under  
15 its plan under title XIX of the Social Security  
16 Act of individuals described in section  
17 1902(a)(10)(A)(ii)(XIII) of the Social Security  
18 Act (42 U.S.C. 1396a(a)(10)(A)(ii)(XIII)).

19 (B) MAINTENANCE OF STATE EFFORT.—

20 Federal funds paid to a State pursuant to this  
21 section must be used to supplement, but not  
22 supplant, the level of State funds expended for  
23 workers with potentially severe disabilities  
24 under programs in effect for such individuals at

1 the time the demonstration project is approved  
2 under this section.

3 (C) INDEPENDENT EVALUATION.—The  
4 State provides for an independent evaluation of  
5 the project.

6 (3) LIMITATIONS ON FEDERAL FUNDING.—

7 (A) APPROPRIATION.—

8 (i) IN GENERAL.—Out of any funds in  
9 the Treasury not otherwise appropriated,  
10 there is appropriated to carry out this sec-  
11 tion for the 5-fiscal-year period beginning  
12 with fiscal year 2000, \$56,000,000.

13 (ii) BUDGET AUTHORITY.—Clause (i)  
14 constitutes budget authority in advance of  
15 appropriations Acts and represents the ob-  
16 ligation of the Federal Government to pro-  
17 vide for the payment of the amounts ap-  
18 propriated under clause (i).

19 (B) LIMITATION ON PAYMENTS.—In no  
20 case may—

21 (i) the aggregate amount of payments  
22 made by the Secretary to States under this  
23 section exceed \$56,000,000; or



1                   (ii) payments be provided by the Sec-  
2                   retary for a fiscal year after fiscal year  
3                   2005.

4                   (C) FUNDS ALLOCATED TO STATES.—The  
5                   Secretary shall allocate funds to States based  
6                   on their applications and the availability of  
7                   funds. Funds allocated to a State under a grant  
8                   made under this section for a fiscal year shall  
9                   remain available until expended.

10                  (D) FUNDS NOT ALLOCATED TO STATES.—  
11                  Funds not allocated to States in the fiscal year  
12                  for which they are appropriated shall remain  
13                  available in succeeding fiscal years for alloca-  
14                  tion by the Secretary using the allocation for-  
15                  mula established under this section.

16                  (E) PAYMENTS TO STATES.—The Sec-  
17                  retary shall pay to each State with a dem-  
18                  onstration project approved under this section,  
19                  from its allocation under subparagraph (C), an  
20                  amount for each quarter equal to the Federal  
21                  medical assistance percentage (as defined in  
22                  section 1905(b) of the Social Security Act (42  
23                  U.S.C. 1395d(b)) of expenditures in the quarter  
24                  for medical assistance provided to workers with  
25                  a potentially severe disability.

1 (d) RECOMMENDATION.—Not later than October 1,  
 2 2002, the Secretary shall submit a recommendation to the  
 3 Committee on Commerce of the House of Representatives  
 4 and the Committee on Finance of the Senate regarding  
 5 whether the demonstration project established under this  
 6 section should be continued after fiscal year 2003.

7 (e) STATE DEFINED.—In this section, the term  
 8 “State” has the meaning given such term for purposes of  
 9 title XIX of the Social Security Act (42 U.S.C. 1396 et  
 10 seq.).

11 **SEC. 205. ELECTION BY DISABLED BENEFICIARIES TO SUS-**  
 12 **PEND MEDIGAP INSURANCE WHEN COVERED**  
 13 **UNDER A GROUP HEALTH PLAN.**

14 (a) IN GENERAL.—Section 1882(q) of the Social Se-  
 15 curity Act (42 U.S.C. 1395ss(q)) is amended—

16 (1) in paragraph (5)(C), by inserting “or para-  
 17 graph (6)” after “this paragraph”; and

18 (2) by adding at the end the following new  
 19 paragraph:

20 “(6) Each medicare supplemental policy shall  
 21 provide that benefits and premiums under the policy  
 22 shall be suspended at the request of the policyholder  
 23 if the policyholder is entitled to benefits under sec-  
 24 tion 226(b) and is covered under a group health  
 25 plan (as defined in section 1862(b)(1)(A)(v)). If

1 such suspension occurs and if the policyholder or  
 2 certificate holder loses coverage under the group  
 3 health plan, such policy shall be automatically re-  
 4 instituted (effective as of the date of such loss of  
 5 coverage) under terms described in subsection  
 6 (n)(6)(A)(ii) as of the loss of such coverage if the  
 7 policyholder provides notice of loss of such coverage  
 8 within 90 days after the date of such loss.”.

9 (b) EFFECTIVE DATE.—The amendments made by  
 10 subsection (a) apply with respect to requests made after  
 11 the date of the enactment of this Act.

## 12 **TITLE III—DEMONSTRATION** 13 **PROJECTS AND STUDIES**

### 14 **SEC. 301. EXTENSION OF DISABILITY INSURANCE PRO-** 15 **GRAM DEMONSTRATION PROJECT AUTHOR-** 16 **ITY.**

17 (a) EXTENSION OF AUTHORITY.—Title II of the So-  
 18 cial Security Act (42 U.S.C. 401 et seq.) is amended by  
 19 adding at the end the following:

20 “DEMONSTRATION PROJECT AUTHORITY

21 “SEC. 234. (a) AUTHORITY.—

22 “(1) IN GENERAL.—The Commissioner of So-  
 23 cial Security (in this section referred to as the ‘Com-  
 24 missioner’) shall develop and carry out experiments  
 25 and demonstration projects designed to determine  
 26 the relative advantages and disadvantages of—

1           “(A) various alternative methods of treat-  
2           ing the work activity of individuals entitled to  
3           disability insurance benefits under section 223  
4           or to monthly insurance benefits under section  
5           202 based on such individual’s disability (as de-  
6           fined in section 223(d)), including such meth-  
7           ods as a reduction in benefits based on earn-  
8           ings, designed to encourage the return to work  
9           of such individuals;

10           “(B) altering other limitations and condi-  
11           tions applicable to such individuals (including  
12           lengthening the trial work period (as defined in  
13           section 222(c)), altering the 24-month waiting  
14           period for hospital insurance benefits under sec-  
15           tion 226, altering the manner in which the pro-  
16           gram under this title is administered, earlier re-  
17           ferral of such individuals for rehabilitation, and  
18           greater use of employers and others to develop,  
19           perform, and otherwise stimulate new forms of  
20           rehabilitation); and

21           “(C) implementing sliding scale benefit off-  
22           sets using variations in—

23                   “(i) the amount of the offset as a pro-  
24                   portion of earned income;

1 “(ii) the duration of the offset period;

2 and

3 “(iii) the method of determining the

4 amount of income earned by such individ-

5 uals,

6 to the end that savings will accrue to the Trust

7 Funds, or to otherwise promote the objectives or fa-

8 cilitate the administration of this title.

9 “(2) AUTHORITY FOR EXPANSION OF SCOPE.—

10 The Commissioner may expand the scope of any

11 such experiment or demonstration project to include

12 any group of applicants for benefits under the pro-

13 gram established under this title with impairments

14 that reasonably may be presumed to be disabling for

15 purposes of such demonstration project, and may

16 limit any such demonstration project to any such

17 group of applicants, subject to the terms of such

18 demonstration project which shall define the extent

19 of any such presumption.

20 “(b) REQUIREMENTS.—The experiments and dem-

21 onstration projects developed under subsection (a) shall be

22 of sufficient scope and shall be carried out on a wide

23 enough scale to permit a thorough evaluation of the alter-

24 native methods under consideration while giving assurance

25 that the results derived from the experiments and projects

1 will obtain generally in the operation of the disability in-  
2 surance program under this title without committing such  
3 program to the adoption of any particular system either  
4 locally or nationally.

5       “(c) AUTHORITY TO WAIVE COMPLIANCE WITH  
6 BENEFITS REQUIREMENTS.—In the case of any experi-  
7 ment or demonstration project conducted under subsection  
8 (a), the Commissioner may waive compliance with the ben-  
9 efit requirements of this title and the requirements of sec-  
10 tion 1148 as they relate to the program established under  
11 this title, and the Secretary may (upon the request of the  
12 Commissioner) waive compliance with the benefits require-  
13 ments of title XVIII, insofar as is necessary for a thorough  
14 evaluation of the alternative methods under consideration.  
15 No such experiment or project shall be actually placed in  
16 operation unless at least 90 days prior thereto a written  
17 report, prepared for purposes of notification and informa-  
18 tion only and containing a full and complete description  
19 thereof, has been transmitted by the Commissioner to the  
20 Committee on Ways and Means of the House of Rep-  
21 resentatives and to the Committee on Finance of the Sen-  
22 ate. Periodic reports on the progress of such experiments  
23 and demonstration projects shall be submitted by the  
24 Commissioner to such committees. When appropriate,  
25 such reports shall include detailed recommendations for

1 changes in administration or law, or both, to carry out  
2 the objectives stated in subsection (a).

3 “(d) REPORTS.—

4 “(1) INTERIM REPORTS.—On or before June 9  
5 of each year, the Commissioner shall submit to the  
6 Committee on Ways and Means of the House of  
7 Representatives and to the Committee on Finance of  
8 the Senate an annual interim report on the progress  
9 of the experiments and demonstration projects car-  
10 ried out under this subsection together with any re-  
11 lated data and materials that the Commissioner may  
12 consider appropriate.

13 “(2) TERMINATION AND FINAL REPORT.—The  
14 authority under the preceding provisions of this sec-  
15 tion (including any waiver granted pursuant to sub-  
16 section (c)) shall terminate 5 years after the date of  
17 the enactment of this Act. Not later than 90 days  
18 after the termination of any experiment or dem-  
19 onstration project carried out under this section, the  
20 Commissioner shall submit to the Committee on  
21 Ways and Means of the House of Representatives  
22 and to the Committee on Finance of the Senate a  
23 final report with respect to that experiment or dem-  
24 onstration project.”.

1       (b) CONFORMING AMENDMENTS; TRANSFER OF  
2 PRIOR AUTHORITY.—

3           (1) CONFORMING AMENDMENTS.—

4               (A) REPEAL OF PRIOR AUTHORITY.—Para-  
5 graphs (1) through (4) of subsection (a) and  
6 subsection (c) of section 505 of the Social Secu-  
7 rity Disability Amendments of 1980 (42 U.S.C.  
8 1310 note) are repealed.

9               (B) CONFORMING AMENDMENT REGARD-  
10 ING FUNDING.—Section 201(k) of the Social  
11 Security Act (42 U.S.C. 401(k)) is amended by  
12 striking “section 505(a) of the Social Security  
13 Disability Amendments of 1980” and inserting  
14 “section 234”.

15           (2) TRANSFER OF PRIOR AUTHORITY.—With  
16 respect to any experiment or demonstration project  
17 being conducted under section 505(a) of the Social  
18 Security Disability Amendments of 1980 (42 U.S.C.  
19 1310 note) as of the date of the enactment of this  
20 Act, the authority to conduct such experiment or  
21 demonstration project (including the terms and con-  
22 ditions applicable to the experiment or demonstra-  
23 tion project) shall be treated as if that authority  
24 (and such terms and conditions) had been estab-



1       lished under section 234 of the Social Security Act,  
2       as added by subsection (a).

3   **SEC. 302. DEMONSTRATION PROJECTS PROVIDING FOR RE-**  
4                   **DUCTIONS IN DISABILITY INSURANCE BENE-**  
5                   **FITS BASED ON EARNINGS.**

6       (a) **AUTHORITY.**—The Commissioner of Social Secu-  
7   rity shall conduct demonstration projects for the purpose  
8   of evaluating, through the collection of data, a program  
9   for title II disability beneficiaries (as defined in section  
10 1148(k)(3) of the Social Security Act) under which bene-  
11 fits payable under section 223 of such Act, or under sec-  
12 tion 202 of such Act based on the beneficiary's disability,  
13 are reduced by \$1 for each \$2 of the beneficiary's earnings  
14 that is above a level to be determined by the Commis-  
15 sioner. Such projects shall be conducted at a number of  
16 localities which the Commissioner shall determine is suffi-  
17 cient to adequately evaluate the appropriateness of na-  
18 tional implementation of such a program. Such projects  
19 shall identify reductions in Federal expenditures that may  
20 result from the permanent implementation of such a pro-  
21 gram.

22       (b) **SCOPE AND SCALE AND MATTERS TO BE DETER-**  
23 **MINED.**—

24           (1) **IN GENERAL.**—The demonstration projects  
25       developed under subsection (a) shall be of sufficient

1 duration, shall be of sufficient scope, and shall be  
2 carried out on a wide enough scale to permit a thor-  
3 ough evaluation of the project to determine—

4 (A) the effects, if any, of induced entry  
5 into the project and reduced exit from the  
6 project;

7 (B) the extent, if any, to which the project  
8 being tested is affected by whether it is in oper-  
9 ation in a locality within an area under the ad-  
10 ministration of the Ticket to Work and Self-  
11 Sufficiency Program established under section  
12 1148 of the Social Security Act; and

13 (C) the savings that accrue to the Federal  
14 Old-Age and Survivors Insurance Trust Fund,  
15 the Federal Disability Insurance Trust Fund,  
16 and other Federal programs under the project  
17 being tested.

18 The Commissioner shall take into account advice  
19 provided by the Ticket to Work and Work Incentives  
20 Advisory Panel pursuant to section 101(f)(2)(B)(ii)  
21 of this Act.

22 (2) ADDITIONAL MATTERS.—The Commissioner  
23 shall also determine with respect to each project—

24 (A) the annual cost (including net cost) of  
25 the project and the annual cost (including net

1 cost) that would have been incurred in the ab-  
2 sence of the project;

3 (B) the determinants of return to work, in-  
4 cluding the characteristics of the beneficiaries  
5 who participate in the project; and

6 (C) the employment outcomes, including  
7 wages, occupations, benefits, and hours worked,  
8 of beneficiaries who return to work as a result  
9 of participation in the project.

10 The Commissioner may include within the matters  
11 evaluated under the project the merits of trial work  
12 periods and periods of extended eligibility.

13 (c) WAIVERS.—The Commissioner may waive compli-  
14 ance with the benefit provisions of title II of the Social  
15 Security Act, and the Secretary of Health and Human  
16 Services may waive compliance with the benefit require-  
17 ments of title XVIII of such Act, insofar as is necessary  
18 for a thorough evaluation of the alternative methods under  
19 consideration. No such project shall be actually placed in  
20 operation unless at least 90 days prior thereto a written  
21 report, prepared for purposes of notification and informa-  
22 tion only and containing a full and complete description  
23 thereof, has been transmitted by the Commissioner to the  
24 Committee on Ways and Means of the House of Rep-  
25 resentatives and to the Committee on Finance of the Sen-

1 ate. Periodic reports on the progress of such projects shall  
2 be submitted by the Commissioner to such committees.  
3 When appropriate, such reports shall include detailed rec-  
4 ommendations for changes in administration or law, or  
5 both, to carry out the objectives stated in subsection (a).

6 (d) INTERIM REPORTS.—Not later than 2 years after  
7 the date of the enactment of this Act, and annually there-  
8 after, the Commissioner of Social Security shall submit  
9 to Congress an interim report on the progress of the dem-  
10 onstration projects carried out under this subsection to-  
11 gether with any related data and materials that the Com-  
12 missioner of Social Security may consider appropriate.

13 (e) FINAL REPORT.—The Commissioner of Social Se-  
14 curity shall submit to Congress a final report with respect  
15 to all demonstration projects carried out under this section  
16 not later than 1 year after their completion.

17 (f) EXPENDITURES.—Expenditures made for dem-  
18 onstration projects under this section shall be made from  
19 the Federal Disability Insurance Trust Fund and the Fed-  
20 eral Old-Age and Survivors Insurance Trust Fund, as de-  
21 termined appropriate by the Commissioner of Social Secu-  
22 rity, and from the Federal Hospital Insurance Trust Fund  
23 and the Federal Supplementary Medical Insurance Trust  
24 Fund, as determined appropriate by the Secretary of

1 Health and Human Services, to the extent provided in ad-  
2 vance in appropriation Acts.

3 **SEC. 303. STUDIES AND REPORTS.**

4 (a) STUDY BY GENERAL ACCOUNTING OFFICE OF  
5 EXISTING DISABILITY-RELATED EMPLOYMENT INCEN-  
6 TIVES.—

7 (1) STUDY.—As soon as practicable after the  
8 date of the enactment of this Act, the Comptroller  
9 General of the United States shall undertake a study  
10 to assess existing tax credits and other disability-re-  
11 lated employment incentives under the Americans  
12 with Disabilities Act of 1990 and other Federal  
13 laws. In such study, the Comptroller General shall  
14 specifically address the extent to which such credits  
15 and other incentives would encourage employers to  
16 hire and retain individuals with disabilities.

17 (2) REPORT.—Not later than 3 years after the  
18 date of the enactment of this Act, the Comptroller  
19 General shall transmit to the Committee on Ways  
20 and Means of the House of Representatives and the  
21 Committee on Finance of the Senate a written re-  
22 port presenting the results of the Comptroller Gen-  
23 eral's study conducted pursuant to this subsection,  
24 together with such recommendations for legislative

1 or administrative changes as the Comptroller Gen-  
2 eral determines are appropriate.

3 (b) STUDY BY GENERAL ACCOUNTING OFFICE OF  
4 EXISTING COORDINATION OF THE DI AND SSI PROGRAMS  
5 AS THEY RELATE TO INDIVIDUALS ENTERING OR LEAV-  
6 ING CONCURRENT ENTITLEMENT.—

7 (1) STUDY.—As soon as practicable after the  
8 date of the enactment of this Act, the Comptroller  
9 General of the United States shall undertake a study  
10 to evaluate the coordination under current law of the  
11 disability insurance program under title II of the So-  
12 cial Security Act and the supplemental security in-  
13 come program under title XVI of such Act, as such  
14 programs relate to individuals entering or leaving  
15 concurrent entitlement under such programs. In  
16 such study, the Comptroller General shall specifically  
17 address the effectiveness of work incentives under  
18 such programs with respect to such individuals and  
19 the effectiveness of coverage of such individuals  
20 under titles XVIII and XIX of such Act.

21 (2) REPORT.—Not later than 3 years after the  
22 date of the enactment of this Act, the Comptroller  
23 General shall transmit to the Committee on Ways  
24 and Means of the House of Representatives and the  
25 Committee on Finance of the Senate a written re-

1 port presenting the results of the Comptroller Gen-  
2 eral's study conducted pursuant to this subsection,  
3 together with such recommendations for legislative  
4 or administrative changes as the Comptroller Gen-  
5 eral determines are appropriate.

6 (c) STUDY BY GENERAL ACCOUNTING OFFICE OF  
7 THE IMPACT OF THE SUBSTANTIAL GAINFUL ACTIVITY  
8 LIMIT ON RETURN TO WORK.—

9 (1) STUDY.—As soon as practicable after the  
10 date of the enactment of this Act, the Comptroller  
11 General of the United States shall undertake a study  
12 of the substantial gainful activity level applicable as  
13 of that date to recipients of benefits under section  
14 223 of the Social Security Act (42 U.S.C. 423) and  
15 under section 202 of such Act (42 U.S.C. 402) on  
16 the basis of a recipient having a disability, and the  
17 effect of such level as a disincentive for those recipi-  
18 ents to return to work. In the study, the Comptroller  
19 General also shall address the merits of increasing  
20 the substantial gainful activity level applicable to  
21 such recipients of benefits and the rationale for not  
22 yearly indexing that level to inflation.

23 (2) REPORT.—Not later than 2 years after the  
24 date of the enactment of this Act, the Comptroller  
25 General shall transmit to the Committee on Ways

1 and Means of the House of Representatives and the  
2 Committee on Finance of the Senate a written re-  
3 port presenting the results of the Comptroller Gen-  
4 eral's study conducted pursuant to this subsection,  
5 together with such recommendations for legislative  
6 or administrative changes as the Comptroller Gen-  
7 eral determines are appropriate.

8 (d) REPORT ON DISREGARDS UNDER THE DI AND  
9 SSI PROGRAMS.—Not later than 90 days after the date  
10 of the enactment of this Act, the Commissioner of Social  
11 Security shall submit to the Committee on Ways and  
12 Means of the House of Representatives and the Committee  
13 on Finance of the Senate a report that—

14 (1) identifies all income, assets, and resource  
15 disregards (imposed under statutory or regulatory  
16 authority) that are applicable to individuals receiving  
17 benefits under title II or XVI of the Social Security  
18 Act (42 U.S.C. 401 et seq., 1381 et seq.);

19 (2) with respect to each such disregard—

20 (A) specifies the most recent statutory or  
21 regulatory modification of the disregard; and

22 (B) recommends whether further statutory  
23 or regulatory modification of the disregard  
24 would be appropriate; and



1           (3) with respect to the disregard described in  
2       section 1612(b)(7) of such Act (42 U.S.C.  
3       1382a(b)(7)) (relating to grants, scholarships, or fel-  
4       lowships received for use in paying the cost of tui-  
5       tion and fees at any educational (including technical  
6       or vocational education) institution)—

7           (A) identifies the number of individuals re-  
8       ceiving benefits under title XVI of such Act (42  
9       U.S.C. 1381 et seq.) who have attained age 22  
10      and have not had any portion of any grant,  
11      scholarship, or fellowship received for use in  
12      paying the cost of tuition and fees at any edu-  
13      cational (including technical or vocational edu-  
14      cation) institution excluded from their income  
15      in accordance with that section;

16          (B) recommends whether the age at which  
17      such grants, scholarships, or fellowships are ex-  
18      cluded from income for purposes of determining  
19      eligibility under title XVI of such Act should be  
20      increased to age 25; and

21          (C) recommends whether such disregard  
22      should be expanded to include any such grant,  
23      scholarship, or fellowship received for use in  
24      paying the cost of room and board at any such  
25      institution.

1       (e) STUDY BY THE GENERAL ACCOUNTING OFFICE  
2 OF SOCIAL SECURITY ADMINISTRATION'S DISABILITY IN-  
3 SURANCE PROGRAM DEMONSTRATION AUTHORITY.—

4           (1) STUDY.—As soon as practicable after the  
5 date of the enactment of this Act, the Comptroller  
6 General of the United States shall undertake a study  
7 to assess the results of the Social Security Adminis-  
8 tration's efforts to conduct disability demonstrations  
9 authorized under prior law as well as under section  
10 301 of this Act.

11          (2) REPORT.—Not later than 5 years after the  
12 date of the enactment of this Act, the Comptroller  
13 General shall transmit to the Committee on Ways  
14 and Means of the House of Representatives and the  
15 Committee on Finance of the Senate a written re-  
16 port presenting the results of the Comptroller Gen-  
17 eral's study conducted pursuant to this section, to-  
18 gether with a recommendation as to whether the  
19 demonstration authority authorized under section  
20 301 of this Act should be made permanent.

1 **TITLE IV—MISCELLANEOUS AND**  
2 **TECHNICAL AMENDMENTS**

3 **SEC. 401. TECHNICAL AMENDMENTS RELATING TO DRUG**  
4 **ADDICTS AND ALCOHOLICS.**

5 (a) CLARIFICATION RELATING TO THE EFFECTIVE  
6 DATE OF THE DENIAL OF SOCIAL SECURITY DISABILITY  
7 BENEFITS TO DRUG ADDICTS AND ALCOHOLICS.—Sec-  
8 tion 105(a)(5) of the Contract with America Advancement  
9 Act of 1996 (42 U.S.C. 405 note) is amended—

10 (1) in subparagraph (A), by striking “by the  
11 Commissioner of Social Security” and “by the Com-  
12 missioner”; and

13 (2) by adding at the end the following:

14 “(D) For purposes of this paragraph, an  
15 individual’s claim, with respect to benefits  
16 under title II based on disability, which has  
17 been denied in whole before the date of the en-  
18 actment of this Act, may not be considered to  
19 be finally adjudicated before such date if, on or  
20 after such date—

21 “(i) there is pending a request for ei-  
22 ther administrative or judicial review with  
23 respect to such claim; or

24 “(ii) there is pending, with respect to  
25 such claim, a readjudication by the Com-

1           missioner of Social Security pursuant to  
2           relief in a class action or implementation  
3           by the Commissioner of a court remand  
4           order.

5           “(E) Notwithstanding the provisions of  
6           this paragraph, with respect to any individual  
7           for whom the Commissioner of Social Security  
8           does not perform the entitlement redetermina-  
9           tion before the date prescribed in subparagraph  
10          (C), the Commissioner shall perform such enti-  
11          tlement redetermination in lieu of a continuing  
12          disability review whenever the Commissioner de-  
13          termines that the individual’s entitlement is  
14          subject to redetermination based on the pre-  
15          ceding provisions of this paragraph, and the  
16          provisions of section 223(f) shall not apply to  
17          such redetermination.”.

18          (b) CORRECTION TO EFFECTIVE DATE OF PROVI-  
19          SIONS CONCERNING REPRESENTATIVE PAYEES AND  
20          TREATMENT REFERRALS OF SOCIAL SECURITY BENE-  
21          FICIARIES WHO ARE DRUG ADDICTS AND ALCOHOLICS.—  
22          Section 105(a)(5)(B) of the Contract with America Ad-  
23          vancement Act of 1996 (42 U.S.C. 405 note) is amended  
24          to read as follows:

1           “(B) The amendments made by para-  
 2           graphs (2) and (3) shall take effect on July 1,  
 3           1996, with respect to any individual—

4                   “(i) whose claim for benefits is finally  
 5                   adjudicated on or after the date of the en-  
 6                   actment of this Act; or

7                   “(ii) whose entitlement to benefits is  
 8                   based upon an entitlement redetermination  
 9                   made pursuant to subparagraph (C).”.

10       (c) EFFECTIVE DATES.—The amendments made by  
 11       this section shall take effect as if included in the enact-  
 12       ment of section 105 of the Contract with America Ad-  
 13       vancement Act of 1996 (Public Law 104–121; 110 Stat.  
 14       852 et seq.).

15       **SEC. 402. TREATMENT OF PRISONERS.**

16       (a) IMPLEMENTATION OF PROHIBITION AGAINST  
 17       PAYMENT OF TITLE II BENEFITS TO PRISONERS.—

18           (1) IN GENERAL.—Section 202(x)(3) of the So-  
 19       cial Security Act (42 U.S.C. 402(x)(3)) is  
 20       amended—

21                   (A) by inserting “(A)” after “(3)”; and

22                   (B) by adding at the end the following:

23       “(B)(i) The Commissioner shall enter into an agree-  
 24       ment under this subparagraph with any interested State  
 25       or local institution comprising a jail, prison, penal institu-

1 tion, or correctional facility, or comprising any other insti-  
2 tution a purpose of which is to confine individuals as de-  
3 scribed in paragraph (1)(A)(ii). Under such agreement—

4           “(I) the institution shall provide to the Com-  
5 missioner, on a monthly basis and in a manner spec-  
6 ified by the Commissioner, the names, Social Secu-  
7 rity account numbers, dates of birth, confinement  
8 commencement dates, and, to the extent available to  
9 the institution, such other identifying information  
10 concerning the individuals confined in the institution  
11 as the Commissioner may require for the purpose of  
12 carrying out paragraph (1) and other provisions of  
13 this title; and

14           “(II) the Commissioner shall pay to the institu-  
15 tion, with respect to information described in sub-  
16 clause (I) concerning each individual who is confined  
17 therein as described in paragraph (1)(A), who re-  
18 ceives a benefit under this title for the month pre-  
19 ceding the first month of such confinement, and  
20 whose benefit under this title is determined by the  
21 Commissioner to be not payable by reason of con-  
22 finement based on the information provided by the  
23 institution, \$400 (subject to reduction under clause  
24 (ii)) if the institution furnishes the information to  
25 the Commissioner within 30 days after the date such

1 individual's confinement in such institution begins,  
2 or \$200 (subject to reduction under clause (ii)) if  
3 the institution furnishes the information after 30  
4 days after such date but within 90 days after such  
5 date.

6 “(ii) The dollar amounts specified in clause (i)(II)  
7 shall be reduced by 50 percent if the Commissioner is also  
8 required to make a payment to the institution with respect  
9 to the same individual under an agreement entered into  
10 under section 1611(e)(1)(I).

11 “(iii) There are authorized to be transferred from the  
12 Federal Old-Age and Survivors Insurance Trust Fund and  
13 the Federal Disability Insurance Trust Fund, as appro-  
14 priate, such sums as may be necessary to enable the Com-  
15 missioner to make payments to institutions required by  
16 clause (i)(II).

17 “(iv) The Commissioner shall maintain, and shall  
18 provide on a reimbursable basis, information obtained pur-  
19 suant to agreements entered into under this paragraph to  
20 any agency administering a Federal or federally-assisted  
21 cash, food, or medical assistance program for eligibility  
22 and other administrative purposes under such program.”.

23 (2) CONFORMING AMENDMENTS TO THE PRI-  
24 VACY ACT.—Section 552a(a)(8)(B) of title 5, United  
25 States Code, is amended—

1 (A) in clause (vi), by striking “or” at the  
2 end;

3 (B) in clause (vii), by adding “or” at the  
4 end; and

5 (C) by adding at the end the following:

6 “(viii) matches performed pursuant to  
7 section 202(x)(3) or 1611(e)(1) of the So-  
8 cial Security Act (42 U.S.C. 402(x)(3),  
9 1382(e)(1));”.

10 (3) CONFORMING AMENDMENTS TO TITLE  
11 XVI.—

12 (A) Section 1611(e)(1)(I)(i)(I) of the So-  
13 cial Security Act (42 U.S.C. 1382(e)(1)(I)(i)(I))  
14 is amended by striking “; and” and inserting  
15 “and the other provisions of this title; and”.

16 (B) Section 1611(e)(1)(I)(ii)(II) of such  
17 Act (42 U.S.C. 1382(e)(1)(I)(ii)(II)) is amend-  
18 ed by striking “is authorized to provide, on a  
19 reimbursable basis,” and inserting “shall main-  
20 tain, and shall provide on a reimbursable  
21 basis,”.

22 (4) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall apply to individuals whose  
24 period of confinement in an institution commences



1 on or after the first day of the fourth month begin-  
2 ning after the month in which this Act is enacted.

3 (b) ELIMINATION OF TITLE II REQUIREMENT THAT  
4 CONFINEMENT STEM FROM CRIME PUNISHABLE BY IM-  
5 PRISONMENT FOR MORE THAN 1 YEAR.—

6 (1) IN GENERAL.—Section 202(x)(1)(A) of the  
7 Social Security Act (42 U.S.C. 402(x)(1)(A)) is  
8 amended—

9 (A) in the matter preceding clause (i), by  
10 striking “during which” and inserting “ending  
11 with or during or beginning with or during a  
12 period of more than 30 days throughout all of  
13 which”;

14 (B) in clause (i), by striking “an offense  
15 punishable by imprisonment for more than 1  
16 year (regardless of the actual sentence im-  
17 posed)” and inserting “a criminal offense”; and

18 (C) in clause (ii)(I), by striking “an of-  
19 fense punishable by imprisonment for more  
20 than 1 year” and inserting “a criminal of-  
21 fense”.

22 (2) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall apply to individuals whose  
24 period of confinement in an institution commences

1 on or after the first day of the fourth month begin-  
2 ning after the month in which this Act is enacted.

3 (c) CONFORMING TITLE XVI AMENDMENTS.—

4 (1) 50 PERCENT REDUCTION IN TITLE XVI PAY-  
5 MENT IN CASE INVOLVING COMPARABLE TITLE II  
6 PAYMENT.—Section 1611(e)(1)(I) of the Social Se-  
7 curity Act (42 U.S.C. 1382(e)(1)(I)) is amended—

8 (A) in clause (i)(II), by inserting “(subject  
9 to reduction under clause (ii))” after “\$400”  
10 and after “\$200”;

11 (B) by redesignating clauses (ii) and (iii)  
12 as clauses (iii) and (iv) respectively; and

13 (C) by inserting after clause (i) the fol-  
14 lowing:

15 “(ii) The dollar amounts specified in clause (i)(II)  
16 shall be reduced by 50 percent if the Commissioner is also  
17 required to make a payment to the institution with respect  
18 to the same individual under an agreement entered into  
19 under section 202(x)(3)(B).”.

20 (2) EXPANSION OF CATEGORIES OF INSTITU-  
21 TIONS ELIGIBLE TO ENTER INTO AGREEMENTS WITH  
22 THE COMMISSIONER.—Section 1611(e)(1)(I)(i) of  
23 such Act (42 U.S.C. 1382(e)(1)(I)(i)) is amended in  
24 the matter preceding subclause (I) by striking “in-  
25 stitution” and all that follows through “section

202(x)(1)(A),” and inserting “institution comprising a jail, prison, penal institution, or correctional facility, or with any other interested State or local institution a purpose of which is to confine individuals as described in section 202(x)(1)(A)(ii),”.

(3) ELIMINATION OF OVERLY BROAD EXEMPTION.—Section 1611(e)(1)(I)(iii) of such Act (as redesignated by paragraph (1)(B)) is amended further—

(A) by striking “(I) The provisions” and all that follows through “(II)”; and

(B) by striking “eligibility purposes” and inserting “eligibility and other administrative purposes under such program”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the enactment of section 203(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2186). The reference to section 202(x)(1)(A)(ii) in section 1611(e)(1)(I)(i) of the Social Security Act as amended by paragraph (2) shall be deemed a reference to such section 202(x)(1)(A)(ii) of such Act as amended by subsection (b)(1)(C).

1 (d) CONTINUED DENIAL OF BENEFITS TO SEX OF-  
2 FENDERS REMAINING CONFINED TO PUBLIC INSTITU-  
3 TIONS UPON COMPLETION OF PRISON TERM.—

4 (1) IN GENERAL.—Section 202(x)(1)(A) of the  
5 Social Security Act (42 U.S.C. 402(x)(1)(A)) is  
6 amended—

7 (A) in clause (i), by striking “or” at the  
8 end;

9 (B) in clause (ii)(IV), by striking the pe-  
10 riod and inserting “, or”; and

11 (C) by adding at the end the following new  
12 clause:

13 “(iii) immediately upon completion of confine-  
14 ment as described in clause (i) pursuant to convic-  
15 tion of a criminal offense an element of which is sex-  
16 ual activity, is confined by court order in an institu-  
17 tion at public expense pursuant to a finding that the  
18 individual is a sexually dangerous person or a sexual  
19 predator or a similar finding.”.

20 (2) CONFORMING AMENDMENT.—Section  
21 202(x)(1)(B)(ii) of such Act (42 U.S.C.  
22 402(x)(1)(B)(ii)) is amended by striking “clause  
23 (ii)” and inserting “clauses (ii) and (iii)”.

24 (3) EFFECTIVE DATE.—The amendments made  
25 by this subsection shall apply with respect to bene-

1 fits for months ending after the date of the enact-  
2 ment of this Act.

3 **SEC. 403. REVOCATION BY MEMBERS OF THE CLERGY OF**  
4 **EXEMPTION FROM SOCIAL SECURITY COV-**  
5 **ERAGE.**

6 (a) IN GENERAL.—Notwithstanding section  
7 1402(e)(4) of the Internal Revenue Code of 1986, any ex-  
8 emption which has been received under section 1402(e)(1)  
9 of such Code by a duly ordained, commissioned, or li-  
10 censed minister of a church, a member of a religious order,  
11 or a Christian Science practitioner, and which is effective  
12 for the taxable year in which this Act is enacted, may be  
13 revoked by filing an application therefor (in such form and  
14 manner, and with such official, as may be prescribed by  
15 the Commissioner of Internal Revenue), if such applica-  
16 tion is filed no later than the due date of the Federal in-  
17 come tax return (including any extension thereof) for the  
18 applicant's second taxable year beginning after December  
19 31, 1999. Any such revocation shall be effective (for pur-  
20 poses of chapter 2 of the Internal Revenue Code of 1986  
21 and title II of the Social Security Act), as specified in the  
22 application, either with respect to the applicant's first tax-  
23 able year beginning after December 31, 1999, or with re-  
24 spect to the applicant's second taxable year beginning  
25 after such date, and for all succeeding taxable years; and

1 the applicant for any such revocation may not thereafter  
2 again file application for an exemption under such section  
3 1402(e)(1). If the application is filed after the due date  
4 of the applicant's Federal income tax return for a taxable  
5 year and is effective with respect to that taxable year, it  
6 shall include or be accompanied by payment in full of an  
7 amount equal to the total of the taxes that would have  
8 been imposed by section 1401 of the Internal Revenue  
9 Code of 1986 with respect to all of the applicant's income  
10 derived in that taxable year which would have constituted  
11 net earnings from self-employment for purposes of chapter  
12 2 of such Code (notwithstanding paragraphs (4) and (5)  
13 of section 1402(c)) except for the exemption under section  
14 1402(e)(1) of such Code.

15 (b) EFFECTIVE DATE.—Subsection (a) shall apply  
16 with respect to service performed (to the extent specified  
17 in such subsection) in taxable years beginning after De-  
18 cember 31, 1999, and with respect to monthly insurance  
19 benefits payable under title II on the basis of the wages  
20 and self-employment income of any individual for months  
21 in or after the calendar year in which such individual's  
22 application for revocation (as described in such sub-  
23 section) is effective (and lump-sum death payments pay-  
24 able under such title on the basis of such wages and self-

1 employment income in the case of deaths occurring in or  
2 after such calendar year).

3 **SEC. 404. ADDITIONAL TECHNICAL AMENDMENT RELATING**  
4 **TO COOPERATIVE RESEARCH OR DEM-**  
5 **ONSTRATION PROJECTS UNDER TITLES II**  
6 **AND XVI.**

7 (a) IN GENERAL.—Section 1110(a)(3) of the Social  
8 Security Act (42 U.S.C. 1310(a)(3)) is amended by strik-  
9 ing “title XVI” and inserting “title II or XVI”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 subsection (a) shall take effect as if included in the enact-  
12 ment of the Social Security Independence and Program  
13 Improvements Act of 1994 (Public Law 103–296; 108  
14 Stat. 1464).

15 **SEC. 405. AUTHORIZATION FOR STATE TO PERMIT ANNUAL**  
16 **WAGE REPORTS.**

17 (a) IN GENERAL.—Section 1137(a)(3) of the Social  
18 Security Act (42 U.S.C. 1320b–7(a)(3)) is amended by  
19 inserting before the semicolon the following: “, and except  
20 that in the case of wage reports with respect to domestic  
21 service employment, a State may permit employers (as so  
22 defined) that make returns with respect to such employ-  
23 ment on a calendar year basis pursuant to section 3510  
24 of the Internal Revenue Code of 1986 to make such re-  
25 ports on an annual basis”.

1 (b) TECHNICAL AMENDMENTS.—Section 1137(a)(3)  
 2 of the Social Security Act (42 U.S.C. 1320b–7(a)(3)) is  
 3 amended—

4 (1) by striking “(as defined in section  
 5 453A(a)(2)(B)(iii))”; and

6 (2) by inserting “(as defined in section  
 7 453A(a)(2)(B))” after “employers” .

8 (c) EFFECTIVE DATE.—The amendments made by  
 9 this section shall apply to wage reports required to be sub-  
 10 mitted on and after the date of the enactment of this Act.

11 **SEC. 406. ASSESSMENT ON ATTORNEYS WHO RECEIVE**  
 12 **THEIR FEES VIA THE SOCIAL SECURITY AD-**  
 13 **MINISTRATION.**

14 (a) IN GENERAL.—Section 206 of the Social Security  
 15 Act (42 U.S.C. 606) is amended by adding at the end the  
 16 following:

17 “(d) ASSESSMENT ON ATTORNEYS.—

18 “(1) IN GENERAL.—Whenever a fee for services  
 19 is required to be certified for payment to an attorney  
 20 from a claimant’s past-due benefits pursuant to sub-  
 21 section (a)(4)(A) or (b)(1)(A), the Commissioner  
 22 shall impose on the attorney an assessment cal-  
 23 culated in accordance with paragraph (2).

24 “(2) AMOUNT.—



1           “(A) The amount of an assessment under  
2           paragraph (1) shall be equal to the product ob-  
3           tained by multiplying the amount of the rep-  
4           resentative’s fee that would be required to be so  
5           certified by subsection (a)(4)(A) or (b)(1)(A)  
6           before the application of this subsection, by the  
7           percentage specified in subparagraph (B).

8           “(B) The percentage specified in this sub-  
9           paragraph is—

10                   “(i) for calendar years before 2001,  
11                   6.3 percent, and

12                   “(ii) for calendar years after 2000,  
13                   6.3 percent or such different percentage  
14                   rate as the Commissioner determines is  
15                   necessary in order to achieve full recovery  
16                   of the costs of certifying fees to attorneys  
17                   from the past-due benefits of claimants.

18           “(3) COLLECTION.—The Commissioner may  
19           collect the assessment imposed on an attorney under  
20           paragraph (1) by offset from the amount of the fee  
21           otherwise required by subsection (a)(4)(A) or  
22           (b)(1)(A) to be certified for payment to the attorney  
23           from a claimant’s past-due benefits.

24           “(4) PROHIBITION ON CLAIMANT REIMBURSE-  
25           MENT.—An attorney subject to an assessment under

1 paragraph (1) may not, directly or indirectly, re-  
2 quest or otherwise obtain reimbursement for such  
3 assessment from the claimant whose claim gave rise  
4 to the assessment.

5 “(5) DISPOSITION OF ASSESSMENTS.—Assess-  
6 ments on attorneys collected under this subsection  
7 shall be credited to the Federal Old-Age and Sur-  
8 vivors Insurance Trust Fund and the Federal Dis-  
9 ability Insurance Trust Fund, as appropriate.

10 “(6) AUTHORIZATION OF APPROPRIATIONS.—  
11 The assessments authorized under this section shall  
12 be collected and available for obligation only to the  
13 extent and in the amount provided in advance in ap-  
14 propriations Acts. Amounts so appropriated are au-  
15 thorized to remain available until expended, for ad-  
16 ministrative expenses in carrying out title II of the  
17 Social Security Act and related laws.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Section 206(a)(4)(A) of such Act (42  
20 U.S.C. 606(a)(4)(A)) is amended by inserting “and  
21 subsection (d)” after “subparagraph (B)”.

22 (2) Section 206(b)(1)(A) of such Act (42  
23 U.S.C. 606(b)(1)(A)) is amended by inserting “, but  
24 subject to subsection (d) of this section” after “sec-  
25 tion 205(i)”.

8           (2) the last day of the first month beginning  
9           after the month in which this Act is enacted.

13           (a)   REQUIREMENTS FOR PAYMENTS.—Section  
14 1903(i) of the Social Security Act (42 U.S.C. 1396b(i))  
15 (as amended by section 201(a)(3)(B)) is amended  
16 further—

(2) by inserting immediately after paragraph  
(20) the following:

21 “(21) with respect to any amount expended for  
22 an item or service provided under the plan, or for  
23 any administrative expense incurred to carry out the  
24 plan, which is provided or incurred by, or on behalf  
25 of, a State or local educational agency or school dis-

1       trict, unless payment for the item, service, or admin-  
2       istrative expense is made in accordance with a meth-  
3       odology approved in advance by the Secretary under  
4       which—

5               “(A) in the case of payment for—

6                       “(i) a group of individual items, serv-  
7                       ices, and administrative expenses, the  
8                       methodology—

9                               “(I) provides for an itemization  
10                              to the Secretary that assures account-  
11                              ability of the cost of the grouped  
12                              items, services, and administrative ex-  
13                              penses and includes payment rates  
14                              and the methodologies underlying the  
15                              establishment of such rates;

16                             “(II) has an actuarially sound  
17                             basis for determining the payment  
18                             rates and the methodologies; and

19                             “(III) reconciles payments for  
20                             the grouped items, services, and ad-  
21                             ministrative expenses with items and  
22                             services provided and administrative  
23                             expenses incurred under this title; or

24                             “(ii) an individual item, service, or ad-  
25                             ministrative expense, the amount of pay-

1           ment for the item, service, or administra-  
2           tive expense does not exceed the amount  
3           that would be paid for the item, service, or  
4           administrative expense if the item, service,  
5           or administrative expense were incurred by  
6           an entity other than a State or local edu-  
7           cational agency or school district, unless  
8           the State can demonstrate to the satisfac-  
9           tion of the Secretary a higher amount for  
10          such item, service, or administrative ex-  
11          pense; and

12           “(B) in the case of a transportation service  
13          for an individual under age 21 who is eligible  
14          for medical assistance under this title (whether  
15          or not the child has an individualized education  
16          program established pursuant to part B of the  
17          Individuals with Disabilities Education Act)—

18           “(i) a medical need for transportation  
19          is noted in such an individualized edu-  
20          cation program (if any) for the individual,  
21          including such an individual residing in a  
22          geographic area within which school bus  
23          transportation is otherwise not provided;

24           “(ii) in the case of a child with special  
25          medical needs, the vehicle used to furnish

1           such transportation service is specially  
2           equipped or staffed to accommodate indi-  
3           viduals with special medical needs; and

4           “(iii) payment for such service only—

5                   “(I) is made with respect to costs  
6                   directly attributable to the costs asso-  
7                   ciated with transporting such individ-  
8                   uals whose medical needs require  
9                   transport in such a vehicle; and

10                   “(II) reflects the proportion of  
11                   transportation costs equal to the pro-  
12                   portion of the school day spent by  
13                   such individuals in activities relating  
14                   to the receipt of covered services  
15                   under this title or such other propor-  
16                   tion based on an allocation method  
17                   that the Secretary finds reasonable in  
18                   light of the benefit to the program  
19                   under this title and consistent with  
20                   the cost principles contained in OMB  
21                   Circular A-87; or

22           “(22) with respect to any amount expended for  
23           an item or service under the plan or for any admin-  
24           istrative expense to carry out the plan provided by  
25           or on behalf of a State or local agency (including a

1 State or local educational agency or school district)  
 2 that enters into a contract or other arrangement  
 3 with a person or entity for, or in connection with,  
 4 the collection or submission of claims for such ex-  
 5 penditures, unless, notwithstanding section  
 6 1902(a)(32), the agency—

7 “(A) uses a competitive bidding process or  
 8 otherwise to contract with such person or entity  
 9 at a reasonable rate commensurate with the  
 10 services performed by the person or entity; and

11 “(B) requires that any fees (including any  
 12 administrative fees) to be paid to the person or  
 13 entity for the collection or submission of such  
 14 claims are identified as a non-contingent, speci-  
 15 fied dollar amount in the contract.”; and

16 (3) in the third sentence, by striking “(17), and  
 17 (18)” and inserting “(17), (18), (19), and (21)”.

18 (b) PROVISION OF ITEMS AND SERVICES THROUGH  
 19 MEDICAID MANAGED CARE ORGANIZATIONS.—

20 (1) CONTRACTUAL REQUIREMENT.—Section  
 21 1903(m)(2)(A) of the Social Security Act (42 U.S.C.  
 22 1396b(m)(2)(A)) is amended by redesignating clause  
 23 (xi) (as added by section 4701(c)(3) of the Balanced  
 24 Budget Act of 1997) as clause (xiii), by striking

1 “and” at the end of clause (xi), and by inserting  
 2 after clause (xi) the following:

3 “(xii) such contract provides that with respect  
 4 to payment for, and coverage of, such services, the  
 5 contract requires coordination between the State or  
 6 local educational agency or school district and the  
 7 medicaid managed care organization to prevent du-  
 8 plication of services and duplication of payments  
 9 under this title for such services.”

10 (2) PROHIBITION ON DUPLICATIVE PAY-  
 11 MENTS.—

12 (A) IN GENERAL.—Section 1903(i) of the  
 13 Social Security Act (42 U.S.C 1396b(i)), as  
 14 amended by subsection (a), is amended—

15 (i) in paragraph (22), by striking the  
 16 period and inserting “; or”; and

17 (ii) by adding at the end the fol-  
 18 lowing:

19 “(23) with respect to any amount ex-  
 20 pended under the plan for an item, service, or  
 21 administrative expense for which payment is or  
 22 may be made directly to a person or entity (in-  
 23 cluding a State or local educational agency or  
 24 school district) under the State plan if payment  
 25 for such item, service, or administrative expense



1           was included in the determination of a prepaid  
 2           capitation or other risk-based rate of payment  
 3           to an entity under a contract pursuant to sec-  
 4           tion 1903(m).”.

5                   (B) CONFORMING AMENDMENT.—The  
 6           third sentence of section 1903(i) of such Act  
 7           (42 U.S.C. 1396b(i)), as amended by subsection  
 8           (a)(3), is amended by striking “and (21)” and  
 9           inserting “(21), and (23)”.

10           (c) ALLOWABLE SHARE OF FFP WITH RESPECT TO  
 11          PAYMENT FOR SERVICES FURNISHED IN SCHOOL SET-  
 12          TING.—Section 1903(w)(6) of the Social Security Act (42  
 13          U.S.C. 1396b(w)(6)) is amended—

14                   (1) in subparagraph (A), by inserting “subject  
 15          to subparagraph (C),” after “subsection,”; and

16                   (2) by adding at the end the following:

17           “(C) In the case of any Federal financial participa-  
 18          tion amount determined under subsection (a) with respect  
 19          to any expenditure for an item or service under the plan,  
 20          or for any administrative expense to carry out the plan,  
 21          that is furnished by a State or local educational agency  
 22          or school district, the State shall provide that there is paid  
 23          to the agency or district a percent of such amount that  
 24          is not less than the percentage of such expenditure or ex-  
 25          pense that is paid by such agency or district.”.

1       (d) UNIFORM METHODOLOGY FOR SCHOOL-BASED  
2 ADMINISTRATIVE CLAIMS.—Not later than 90 days after  
3 the date of the enactment of this Act, the Administrator  
4 of the Health Care Financing Administration, in consulta-  
5 tion with State medicaid and State educational agencies  
6 and local school systems, shall develop and implement a  
7 uniform methodology for claims for payment of adminis-  
8 trative expenses furnished under title XIX of the Social  
9 Security Act by State or local educational agencies or  
10 school districts. Such methodology shall be based on  
11 standards related to time studies and population estimates  
12 and a national standard for determining payment for such  
13 administrative expenses.

14       (e) EFFECTIVE DATE.—

15           (1) IN GENERAL.—The amendments made by  
16 this section (other than by subsection (b)) shall  
17 apply to items and services provided on and after  
18 the date of the enactment of this Act, without re-  
19 gard to whether implementing regulations are in ef-  
20 fect.

21           (2) MANAGED CARE AMENDMENTS.—The  
22 amendments made by subsection (b) shall apply to  
23 contracts entered into or renewed on or after the  
24 date of the enactment of this Act.

1           (3) REGULATIONS.—The Secretary of Health  
 2           and Human Services shall promulgate such final  
 3           regulations as are necessary to carry out the amend-  
 4           ments made by this section not later than 1 year  
 5           after the date of the enactment of this Act.

6 **SEC. 408. EXTENSION OF AUTHORITY OF STATE MEDICAID**  
 7 **FRAUD CONTROL UNITS.**

8           (a) EXTENSION OF AUTHORITY TO INVESTIGATE  
 9           AND PROSECUTE FRAUD IN OTHER FEDERAL HEALTH  
 10          CARE PROGRAMS.—Section 1903(q)(3) of the Social Secu-  
 11          rity Act (42 U.S.C. 1396b(q)(3)) is amended—

12               (1) by inserting “(A)” after “in connection  
 13               with”; and

14               (2) by striking “title.” and inserting “title; and

15               (B) upon the approval of the Inspector General of  
 16               the relevant Federal agency, any aspect of the provi-  
 17               sion of health care services and activities of pro-  
 18               viders of such services under any Federal health  
 19               care program (as defined in section 1128B(f)(1)), if  
 20               the suspected fraud or violation of law in such case  
 21               or investigation is primarily related to the State plan  
 22               under this title.”.

23           (b) RECOUPMENT OF FUNDS.—Section 1903(q)(5) of  
 24          such Act (42 U.S.C. 1396b(q)(5)) is amended—

1           (1) by inserting “or under any Federal health  
2       care program (as so defined)” after “plan”; and

3           (2) by adding at the end the following: “All  
4       funds collected in accordance with this paragraph  
5       shall be credited exclusively to, and available for ex-  
6       penditure under, the Federal health care program  
7       (including the State plan under this title) that was  
8       subject to the activity that was the basis for the col-  
9       lection.”.

10       (c) EXTENSION OF AUTHORITY TO INVESTIGATE  
11   AND PROSECUTE RESIDENT ABUSE IN NON-MEDICAID  
12   BOARD AND CARE FACILITIES.—Section 1903(q)(4) of  
13   such Act (42 U.S.C. 1396b(q)(4)) is amended to read as  
14   follows:

15           “(4)(A) The entity has—

16               “(i) procedures for reviewing complaints of  
17       abuse or neglect of patients in health care fa-  
18       cilities which receive payments under the State  
19       plan under this title;

20               “(ii) at the option of the entity, procedures  
21       for reviewing complaints of abuse or neglect of  
22       patients residing in board and care facilities;  
23       and

24               “(iii) procedures for acting upon such com-  
25       plaints under the criminal laws of the State or

1           for referring such complaints to other State  
2           agencies for action.

3           “(B) For purposes of this paragraph, the term  
4           ‘board and care facility’ means a residential setting  
5           which receives payment (regardless of whether such  
6           payment is made under the State plan under this  
7           title) from or on behalf of two or more unrelated  
8           adults who reside in such facility, and for whom one  
9           or both of the following is provided:

10                 “(i) Nursing care services provided by, or  
11                 under the supervision of, a registered nurse, li-  
12                 censed practical nurse, or licensed nursing as-  
13                 sistant.

14                 “(ii) A substantial amount of personal care  
15                 services that assist residents with the activities  
16                 of daily living, including personal hygiene,  
17                 dressing, bathing, eating, toileting, ambulation,  
18                 transfer, positioning, self-medication, body care,  
19                 travel to medical services, essential shopping,  
20                 meal preparation, laundry, and housework.”.

21           (d) EFFECTIVE DATE.—The amendments made by  
22 this section take effect on the date of the enactment of  
23 this Act.

1 **SEC. 409. SPECIAL ALLOWANCE ADJUSTMENT FOR STU-**  
2 **DENT LOANS.**

3 (a) AMENDMENT.—Section 438(b)(2) of the Higher  
4 Education Act of 1965 (20 U.S.C. 1087–1(b)(2)) is  
5 amended—

6 (1) in subparagraph (A), by striking “(G), and  
7 (H)” and inserting “(G), (H), and (I)”;

8 (2) in subparagraph (B)(iv), by striking “(G),  
9 or (H)” and inserting “(G), (H), or (I)”;

10 (3) in subparagraph (C)(ii), by striking “(G)  
11 and (H)” and inserting “(G), (H), and (I)”;

12 (4) in the heading of subparagraph (H), by  
13 striking “JULY 1, 2003” and inserting “JANUARY 1,  
14 2000”;

15 (5) in subparagraph (H), by striking “July 1,  
16 2003,” each place it appears and inserting “January  
17 1, 2000,”; and

18 (6) by inserting after subparagraph (H) the fol-  
19 lowing new subparagraph:

20 “(I) LOANS DISBURSED ON OR AFTER JAN-  
21 UARY 1, 2000, AND BEFORE JULY 1, 2003.—

22 “(i) IN GENERAL.—Notwithstanding  
23 subparagraphs (G) and (H), but subject to  
24 paragraph (4) and clauses (ii), (iii), and  
25 (iv) of this subparagraph, and except as  
26 provided in subparagraph (B), the special

1 allowance paid pursuant to this subsection  
2 on loans for which the first disbursement  
3 is made on or after January 1, 2000, and  
4 before July 1, 2003, shall be computed—

5 “(I) by determining the average  
6 of the bond equivalent rates of the  
7 quotes of the 3-month commercial  
8 paper (financial) rates in effect for  
9 each of the days in such quarter as  
10 reported by the Federal Reserve in  
11 Publication H–15 (or its successor)  
12 for such 3-month period;

13 “(II) by subtracting the applica-  
14 ble interest rates on such loans from  
15 such average bond equivalent rate;

16 “(III) by adding 2.34 percent to  
17 the resultant percent; and

18 “(IV) by dividing the resultant  
19 percent by 4.

20 “(ii) IN SCHOOL AND GRACE PE-  
21 RIOD.—In the case of any loan for which  
22 the first disbursement is made on or after  
23 January 1, 2000, and before July 1, 2003,  
24 and for which the applicable rate of inter-  
25 est is described in section 427A(k)(2),

1 clause (i)(III) of this subparagraph shall  
2 be applied by substituting ‘1.74 percent’  
3 for ‘2.34 percent’.

4 “(iii) PLUS LOANS.—In the case of  
5 any loan for which the first disbursement  
6 is made on or after January 1, 2000, and  
7 before July 1, 2003, and for which the ap-  
8 plicable rate of interest is described in sec-  
9 tion 427A(k)(3), clause (i)(III) of this sub-  
10 paragraph shall be applied by substituting  
11 ‘2.64 percent’ for ‘2.34 percent’, subject to  
12 clause (v) of this subparagraph.

13 “(iv) CONSOLIDATION LOANS.—In the  
14 case of any consolidation loan for which  
15 the application is received by an eligible  
16 lender on or after January 1, 2000, and  
17 before July 1, 2003, and for which the ap-  
18 plicable interest rate is determined under  
19 section 427A(k)(4), clause (i)(III) of this  
20 subparagraph shall be applied by sub-  
21 stituting ‘2.64 percent’ for ‘2.34 percent’,  
22 subject to clause (vi) of this subparagraph.

23 “(v) LIMITATION ON SPECIAL ALLOW-  
24 ANCES FOR PLUS LOANS.—In the case of  
25 PLUS loans made under section 428B and



1 first disbursed on or after January 1,  
2 2000, and before July 1, 2003, for which  
3 the interest rate is determined under sec-  
4 tion 427A(k)(3), a special allowance shall  
5 not be paid for such loan during any 12-  
6 month period beginning on July 1 and  
7 ending on June 30 unless, on the June 1  
8 preceding such July 1—

9 “(I) the bond equivalent rate of  
10 91-day Treasury bills auctioned at the  
11 final auction held prior to such June  
12 1 (as determined by the Secretary for  
13 purposes of such section); plus

14 “(II) 3.1 percent,  
15 exceeds 9.0 percent.

16 “(vi) LIMITATION ON SPECIAL ALLOW-  
17 ANCES FOR CONSOLIDATION LOANS.—In  
18 the case of consolidation loans made under  
19 section 428C and for which the application  
20 is received on or after January 1, 2000,  
21 and before July 1, 2003, for which the in-  
22 terest rate is determined under section  
23 427A(k)(4), a special allowance shall not  
24 be paid for such loan during any 3-month

1 period ending March 31, June 30, Sep-  
2 tember 30, or December 31 unless—

3 “(I) the average of the bond  
4 equivalent rates of the quotes of the  
5 3-month commercial paper (financial)  
6 rates in effect for each of the days in  
7 such quarter as reported by the Fed-  
8 eral Reserve in Publication H-15 (or  
9 its successor) for such 3-month pe-  
10 riod; plus

11 “(II) 2.64 percent,  
12 exceeds the rate determined under section  
13 427A(k)(4).”.

14 (b) EFFECTIVE DATE.—Subparagraph (I) of section  
15 438(b)(2) of the Higher Education Act of 1965 (20  
16 U.S.C. 1087-1(b)(2)) as added by subsection (a) of this  
17 section shall apply with respect to any payment pursuant  
18 to such section with respect to any 3-month period begin-  
19 ning on or after January 1, 2000, for loans for which the  
20 first disbursement is made after such date.

Passed the House of Representatives October 19,  
1999.

Attest:

*Clerk.*